White Star RESOURCES

(Formerly known as Whinnen Resources Limited)

ABN 24 123 511 017

AND CONTROLLED ENTITIES

Financial Report

For the 6 Months Ended 31 December 2012

CONTENTS

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LETTER FROM THE BOARD OF DIRECTORS

White Star Resources ("White Star" or the "Company") entered Chile in 2011 through the acquisition of Mystic Sands Pty Ltd, with a clear strategy to advance its portfolio of projects and at the same time, seeking to acquire more advanced assets with near-term production potential.

Exploration activities completed to date have resulted in the identification of a number of encouraging copper and gold anomalies across all of the Company's existing projects.

White Star has reviewed and held advanced negotiations in relation to many new project opportunities in Chile and elsewhere in South America. However, the Company has not been able to secure a more advanced project on suitable commercial terms.

In February 2013, the White Star Board of Directors resolved to implement a number of cost-saving initiatives, following a review of exploration and business development activities in Chile.

This decision has been made in light of current equity market conditions and to preserve the Company's substantial cash balance.

This process will involve the Company closing its offices in Copiapo and Santiago. The Company will implement procedures to maintain the title security of its existing project tenements in Chile whilst seeking potential Joint Venture partners to further advance these early-stage exploration projects.

White Star will continue to evaluate new resource opportunities as they arise from its corporate office located in Perth Western Australia.

Shareholders should know that the White Star team in Chile have used their best efforts in undertaking an exhaustive process to the highest standards. Despite this, our efforts in Chile have not resulted in the acquisition of a new more advanced project because of a commitment to only acquire projects based on attractive commercial terms to White Star.

REVIEW OF COMPANY ACTIVITIES

OVERVIEW

The Company has completed a full review of its exploration projects in Chile, as part of a broader review of future operations in Chile. The following report encompasses that full review including a summary of all work completed to the end of the reporting period.

White Star Resources ("WSR" or the "Company") has a portfolio of 6 early stage projects – 5 of them located in the in 3rd region of Chile in the Atacama desert close to the towns of La Caldera, Copiapo and Vallenar, and 1 in 7th Region 250 km south of Santiago de Chile near Talca.

In addition to these projects WSR has entered in to a collaboration agreement with a private Chilean company, Inversiones Cisnes ("IC"), who own a number of mining properties adjacent to the Nany properties. Under the agreement, WSR is able to explore the IC properties and use the data acquired to negotiate a potential Joint Venture ("JV") or option agreement.

The board of directors maintain a strong commitment to business development, with a view to acquiring an advanced project that will guarantee mid-term shareholder return.

Since the commencement of operations in Chile in mid 2011, the Company has achieved a number of milestones through the establishment of offices and field bases in both Santiago and the 3rd region and the recruitment of a dedicated team of international and national employees and contractors.

A table showing the current mining tenure owned and operated by the Company is summarised below, with a full list of the licences included in the appendices to this report.

Project	Exploration Permits	Exploitation Permits	Hectares
Amigo	6	6	1,663
Condor	6	5	2,325
Dundee	-	1	100
Henry	18	22	40
Nany	-	16	503
Talca	43	-	12,400
Total	73	50	17,031

Table 1: WSR Mining Tenure

DATE	MILESTONE
July 2011	Mystic Sands purchased
August 2011	Drilling at Nany commences
September 2011	Santiago office opened
January 2012	Nany option exercised
January 2012	IP survey commences at Nany
January 2012	Copiapo office opened
Febuary 2012	Collaboration agreement signed with Inversiones Cisnes
March 2012	1st pass systematic exploration starts at Condor
April 2012	1st pass systematic exploration starts at Henry
May 2012	1st pass systematic exploration starts at Amigo
June 2012	Ground Magnetics commences at Henry
July 2012	Systematic exploration starts at Nany and Mitzy
August 2012	Infill soils commences at Henry
November 2012	Talca licences submitted
December 2012	Trenching at Henry and Nany
January 2013	Exploration commences at Talca

Table 2: WSR Milestones

EXPLORATION REVIEW

Exploration commenced in Chile in late 2011, with the acquisition of data for the Nany diamond drill program. A program of 20 drill holes was completed in late 2011. Works throughout 2012 focused on first principal systematic mapping and sampling of the 4 other projects located in the Atacama region and in January of 2013 works commenced in the Talca project in the south.

A technical drill proposal of the best targets was put together in Q3 2012 and tendered to four companies. The planned drilling was put on hold pending a full review of all exploration projects and potential targets.

A summary of work undertaken by WSR since commencing of work in Chile in late 2011, up to and including the current reporting period, is tabulated below.

Geochemistry

Project	Rocks	Soils-lab assay	Soils-Innov X assay	Trench - lab assay	Core - lab assay
Amigo	133	223			
Condor	28	705	16		
Henry	220	498	687	110	
Nany	194		133	109	1562
Nany Cisnes	43		121		
Talca	124		114		
TOTAL	742	1426	1071	219	1562

Table 3: WSR Geochemical Sampling

Geological mapping	
Project	Quantity
Amigo	complete
Condor	complete
Henry	complete
Nany	complete
Nany Cisnes	complete
Talca	Incomplete

Table 4: WSR Geological Mapping

Geophysics						
Project	IP lines	IP Line Km	Ground Mag km2	Ground Mag Line km	Airborne Mag km2 (Fugro)	Airborne Line km (Fugro)
Condor					582	24323
Henry			47.0	291		
Nany	9	9.9				
Nany Cisnes	1	2.0				

Table 5: WSR Geophysical Surveys

Trenches		
Project	# of trenches	total metres
Henry	4	600
Nany	2	420
TOTAL	6	1020

Table 6: WSR Trenching

Diamond drilling		
Project	# of holes	total metres
Nany	20	2650

Table 7: WSR Diamond Drilling

HEALTH AND SAFETY

The Company has aimed to create a strong health and safety culture within its workforce. During 2012 exploration worked approximately 30,000 man-hours and only 2 incidents were reported both involving vehicles, both without personal injury.

- ✓ Fully compliant with legal obligations
- ✓ Clear procedures and protocols
- ✓ PPE distributed and instruction offered
- ✓ Risk assessments carried out prior to any works being conducted
- ✓ Daily pre-start safety meetings
- ✓ Clear incidents reporting and analysis procedure
- ✓ Buddy system formalised and in place
- ✓ VHF and Satellite phone communications made available to staff working in remote locations
- ✓ Basic first aid and driving training courses attended by all field staff
- ✓ Emergency survival kits installed in all filed vehicles
- ✓ Foreign Anti-Bribery and Corruption Compliance Regime implemented
- ✓ FCP training completed for all Chile based Senior Management

White Star Project Summary

The exploration work done by the Company since commencement is thought to be the only systematic modern exploration work carried out on any of the projects.

The only other recent exploration on the projects was undertaken by H.Floyd on behalf of Mystic Sands venture, and comprised limited sporadic rock chip sampling and general 'prospecting'.

There are a number of small scale mines located throughout the project areas, all exploiting outcropping oxide and minor sulphide mineralization.

The work completed by WSR has included systematic geological, structural and regolithological mapping, systematic geochemical sampling, ground and airborne geophysics and diamond drilling. The work has been done using local staff using international standards

Figure 1: WSR Project Locations

These exploration works have generated a number of multidimensional copper and gold targets on all of the explored projects, which are summarised below:

- Extensive IOCG mineralisation at **Henry**
- High grade copper vein and breccia mineralisation at **Henry**
- Deep IP target at **Nany**
- Auriferous vein mineralisation in the SE of **Amigo**
- Vein hosted base and precious metal mineralisation at **Nany** and the surrounding areas
- IOCG mineralisation in NW **Amigo**

Amigo Copper Project
(1663 Ha, 100% WSR)

Located within 30km of the coastal town of La Caldera (Figure 1), the Amigo Project comprises six mining concessions and six constituted exploration concessions covering the same area, with a total footprint of nearly 1,700 Ha.

The Project is underlain by Jurassic intrusive rocks of the Coastal Batholith adjacent to the high-grade IOCG vein system of the El Roble-Algarobo mining district.

The Coastal Batholith is highly prospective for IOCG-style mineralisation typically found in large high-grade veins, vein swarms and manto structures. At Amigo, copper and gold mineralisation has so far been in identified in outcropping veins up to 2-3m in width and extending over a strike length of several hundred metres.

Systematic exploration activities completed by White Star during the six months from 1 July 2012 through to 31 December 2012 included localised detailed geological mapping and rock chip sampling over the previously identified geochemical anomalies in the northwest and southeast of the project area.

A total of 61 rock chip samples were collected and analysed for a range of elements. The best results from rock chip samples collected over the NW anomaly are summarized in Figure 2 below and demonstrate the veins contain anomalous gold up to 0.5ppm and commonly with values >1% copper. The better-mineralised structures are the NE SW and NNE SSW trending veins. These are considered to be extensions of the Algarrobo Roble district located 1km to the west.

In the southeast corner of the project area the geologists identified a NW-SE trending vein up to 5m wide hosted within granodiorite rocks. Rock chip samples were taken over a distance of 1km over the vein through the property. Assays demonstrate that approximately 500m of the vein are anomalous in gold, with values of up to 7ppm and significant copper averaging between 0.5% and 0.8% and peaks up to 3% as shown in the Figure 3 below.

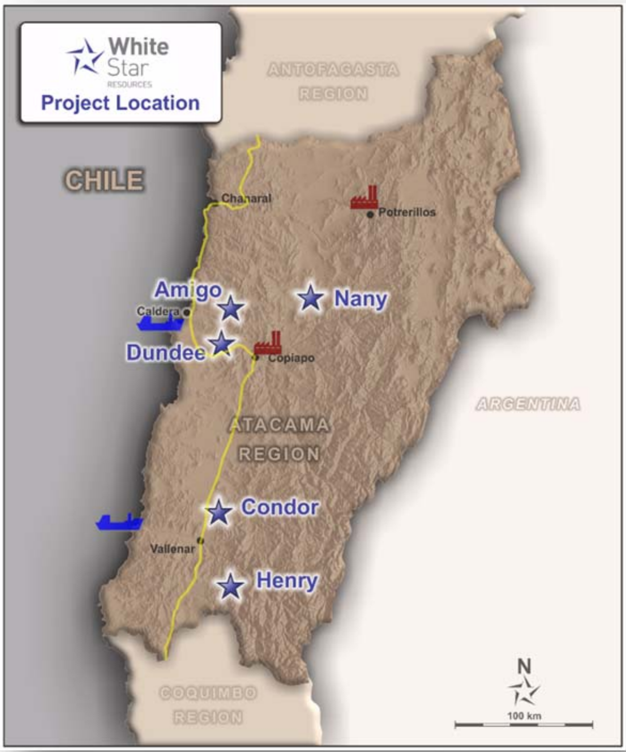

Figure 1: White Star Project Locations

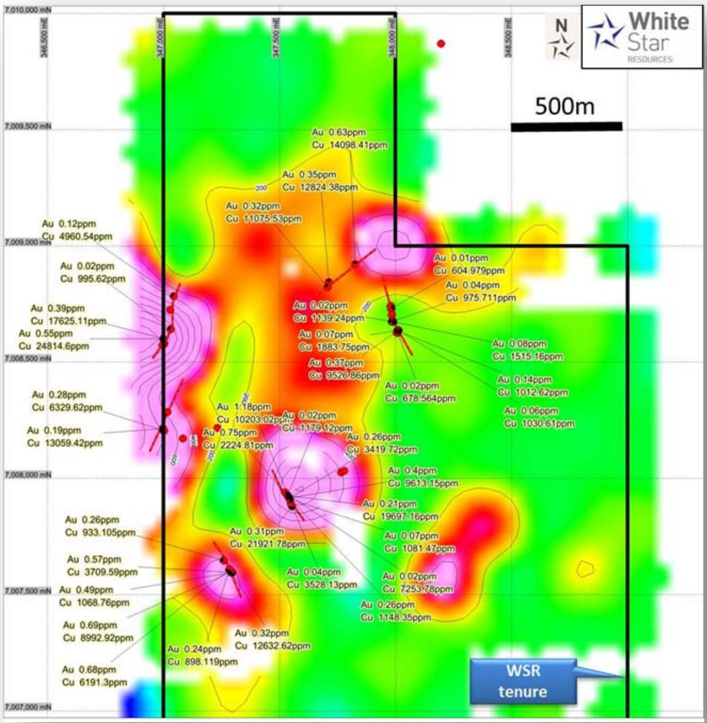

Figure 2: Amigo Project – NW Geochemical Anomaly, Rock Chip Sampling results

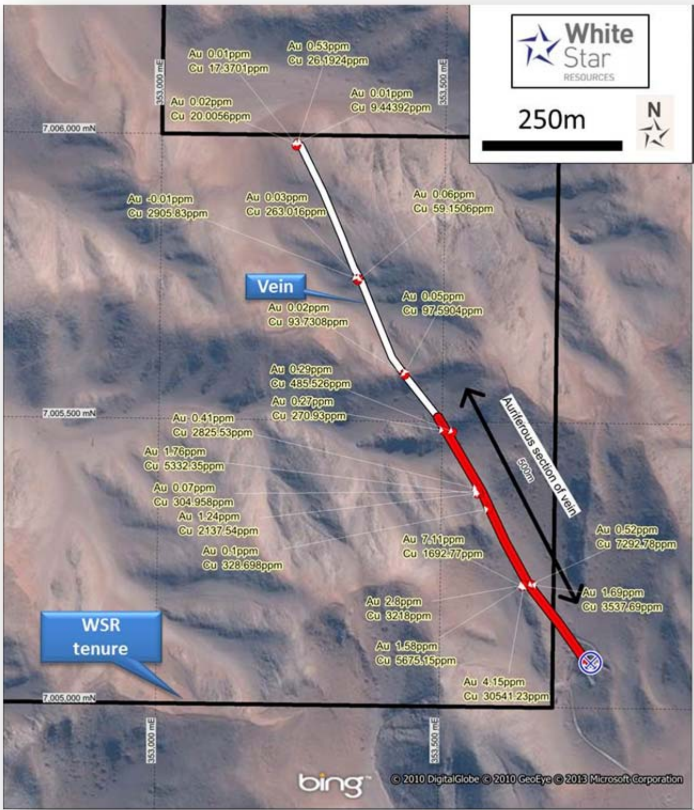

Figure 3: Amigo Project – SE Gold Vein, Rock Chip Sampling results

Condor Copper Project
(2230 Ha, 100% WSR)

The Condor Project is located 30km NE of the town of Vallenar and 20km east of the Los Colorados iron mine operated by Compania Minera del Pacifico (CAP) and Mitsubishi (*Figure 1*). The Project comprises 11 mining and exploration permits, 60 per cent of which are fully constituted.

Upper Jurassic volcanic and sedimentary rocks of the Punta del Cobre formation dominate the area. This pile of andesitic extrusive volcanic rocks and other high level intrusive rocks is intruded by Cretaceous plutons and domes, which in the area to the north of the Condor project have undergone significant hydrothermal alteration.

In the immediate project area, the volcanic rocks have extensive propylitic alteration and copper mineralisation is found in laterally extensive, steeply dipping veins with a carbonate and barite gangue.

During the reporting period fieldwork included infill soil sampling a brief reconnaissance mapping and rock chip sampling exercise over an area in the northwest of the project, highlighted in the magnetic data. The area is interpreted to be an extension of the Las Breas porphyry identified by Andes Pacific to the north of the project area

A total of 137 soil samples and 7 rock chip samples were collected and analysed. Results from the soil sampling showed a weak area of anomalous copper coincident with the magnetic anomaly, however the rock chip samples did not return any significant copper results.

Dundee Gold Project
(100 Ha, 100% WSR)

The Dundee Property is located in the Atacama Region of northern Chile, approximately 35km due west-northwest of the city of Copiapo and close to the summit of Cerro Tia Ramos. It is located on the western side of Sierra Piedra Colgada, in the far eastern sector of the Relincho Mining District.

The property is underlain by intrusive rocks of the Cerro Morado Pluton, which forms part of the Coastal Batholith. Shearing is locally developed within the pluton and hosts vein iron-gold mineralization.

The structure hosting the vein strikes sub north-south and dips 70° due east. It is about 2-6m wide at surface but opens up to around 4-6m at a depth of about 50m. The strike length is exposed over a distance of about 400m.

No fieldwork was completed on the project during the reporting period.

Henry Copper-Gold Project
(5286 Ha, 100% WSR)

Project Henry covers an area of over 5,200ha and comprises 30 exploration and mining licences, 50 per cent of which are fully constituted. The Project is located 40km south-east of the major town of Vallenar (Figure 1) and only 45km south-west of Teck Cominco's Relinco porphyry copper-molybdenum deposit (584Mt @ 0.43% Cu and 0.026% Mo).

The Project comprises a westward-dipping package of Upper Cretaceous volcanics and sedimentary rocks intruded by two large calcalkaline monzodiorite-granodiorite plutons of the same age as those hosting other copper porphyry deposits in the local area.

As a result of the intrusions, the volcano-sedimentary pile shows significant metasomatic effects including strong propylitic alteration, tourmaline development and magnetite veining and replacement, together with associated base and precious metal mineralisation which is visible up to several hundreds of metres from the intrusive contact.

Fieldwork during the reporting period targeted the areas previously highlighted in the ground magnetic data, geological mapping and first pass surface geochemistry (Figure 4) and included:

- Rock chip sampling
- Infill soil sampling
- Surface Trenching and sampling

A total of 48 rock chip samples, 687 soil samples and 110m of trenching were completed.

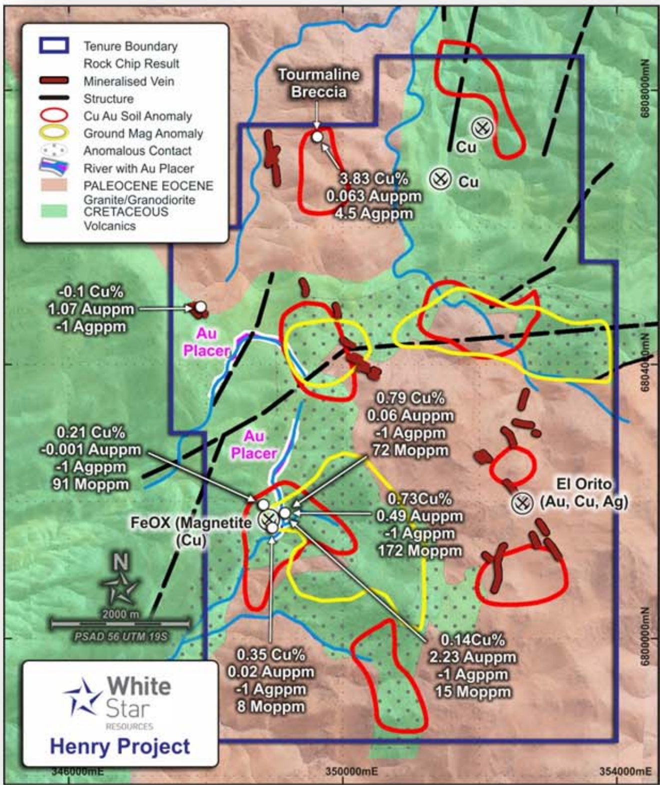

Figure 4: Henry Project – Summary map

Results showed broad zones of weakly anomalous copper associated with stock work and brecciated veins hosted within the volcanic rocks at the margins of the granites, including 40m @ 0.11%Cu and 16.9m @ 0.16% Cu.

Nany Gold Project
(499 Ha, 90% owned)

The Nany Project comprises 16 contiguous licences, 30 per cent of which are fully constituted (Figure 1). The Project is located within 2km of the main north-south sealed highway running between Diego de Almagro and Copiapo. The nearest village, Inca de Oro, is located just 35 km to the north, where PanAust has been evaluating a copper-gold porphyry system with a Mineral Resource estimated at 180Mt @ 0.5% Cu eq as well as the Carmen deposit (45.8Mt @ 0.34% copper, 0.34g/t gold and 1g/t silver).

Locally, the Nany area is prospective for outcropping vein-style mineralisation and deeper porphyry-style mineralisation.

During the reporting period work to on a more regional focus with the completion of board spaced systematic soil and rock chip sampling, which led to the completion of a program of surface trenching.

A total of 128 rock chip samples, 254 soil samples and 109m of trenching were completed.

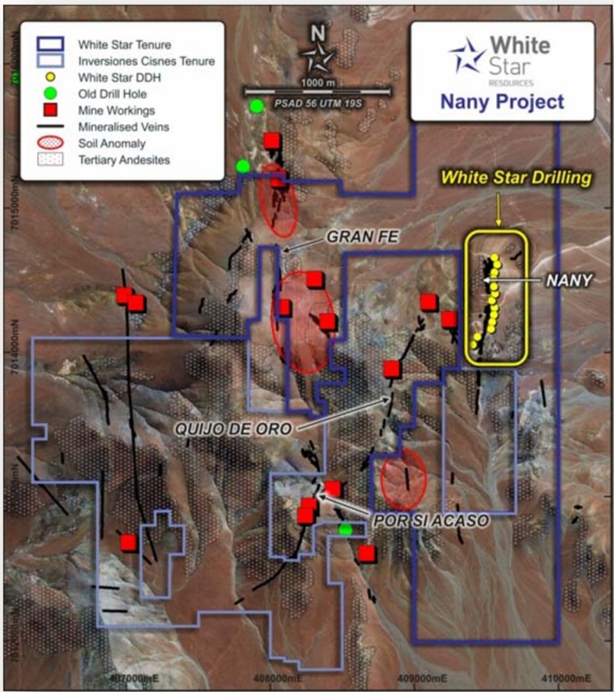

Figure 5: Nany Project – Summary map

Results from the regional soils sampling highlighted a number of areas with weakly anomalous base metal and gold results that will require additional follow-up work.

The trenching program was designed to identify extension of the previously drilled outcropping quartz vein system to the north under the recent cover sequences. Vein material was discovered in two of the three trenches constructed, with the northern most trench failing to reach basement rock at a depth of 3m.

Results from trench sampling over the sections of exposed vein material returned anomalous but not ore grade intersections including: 10m @ 0.19g/t Au, 2m @ 0.65g/t Au and 6m @ 0.13 g/t Au.

Talca Gold Project

(12,000 Ha, 100% owned)

The Talca Project is the latest project to be added to the company's portfolio. Initially over 15k ha and following an initial review this total has been reduced to 12k ha.

The project is located 250km south of Santiago close to the Chepica Mine and plant currently operated by Polar Star Mining and the Las Palmas mine which closed in 1997 and produced 350,000 ounces of gold.

The project lies within the southern gold belt that runs between the town of Conception and Santiago. This belt has been a producer since colonial times in the 17th Century.

Locally the geology a series of Lower Cretaceous andesitic volcanic units intruded by granodioritic and dioritic stocks and is prospective for epithermal gold and silver and the exploration strategy is to quickly identify and sample zones of hydrothermal alteration and mineralised structures is underway.

Silica pyrite alteration appears within these rocks and where this has weathered and zones of fractures with ferruginous infill and argillic alteration of the host are common. Veins with either massive texture or banded or coliform textures have also been observed in road cuts and outcrops.

To date only about 20 % of the total permitted area has been subjected to first pass reconnaissance work including:

- Surface geochemical sampling
- Geological mapping over 20 km^2
- Rock Chip sampling.

Results from this limited work have started to define a NE-SW trending anomalous corridor trending toward the operating Chepici Mine in the South west of the project area (Figure 6). More work is required to fully evaluate this project.

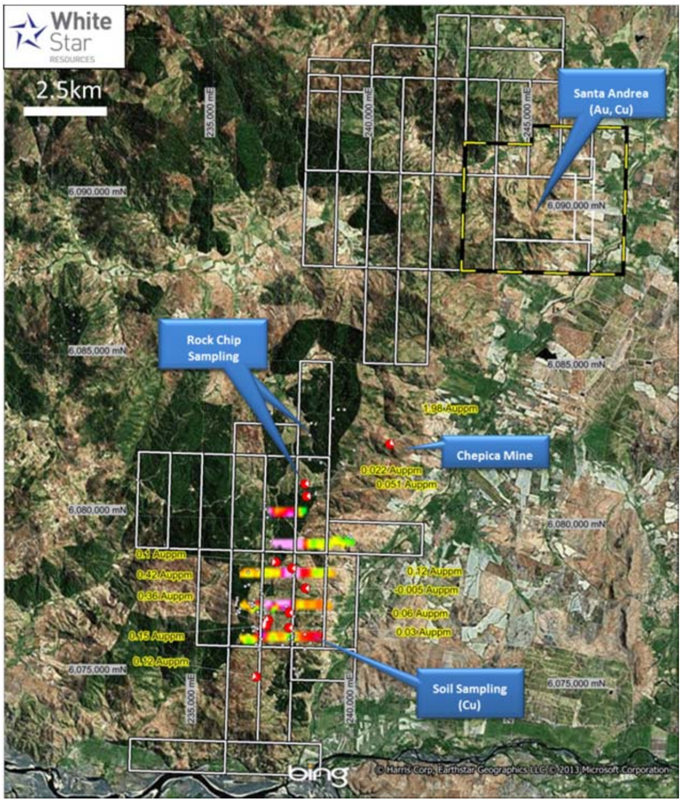

Figure 6: Talca Gold Project

Review of Australian Operations

Hinkler Well North Uranium Project

(100% WSR)

The Hinkler Well North Project is located in central Western Australia, in what is reported to be the most prospective area in the world for calcrete-hosted uranium deposits.

The Project is situated approximately 47km from Cameco's Yeelirrie Uranium deposit, the world's largest calcrete hosted uranium resource (52,000 tonnes U_3O_8); approximately 5km upstream (on the same calcrete-filled paleao-channel) from Toro Energy's Centipede deposit and 15km south-west of the Lake Way uranium deposit (15.5Mt @ 0.58kg U_3O_8).

Redport Limited's Lake Maitland deposit (32.7Mt @ 0.330 kg U_3O_8) is located approximately 95 km to the east. Apex Minerals Wiluna Gold Mine is situated some 25km to the north of the Project.

The Project is located close to the Goldfields Gas Pipeline and close to the existing infrastructure serving operating gold and nickel mines at Wiluna, Mount Keith and Leinster. Access to the Project is via station tracks from the main Wiluna-Leinster Road.

No field work was completed on the project during the reporting period.

Subsequent to year end, the Hinkler Well project was sold to Zeus Resources Ltd for cash consideration of $5,250 and 262,500 fully paid ordinary shares in Zeus Resources Ltd. The sales proceeds of $5,250 will be recognised in 2013. The costs related to the Hinkler Well project were expensed in prior years.

DIRECTORS' REPORT

Your Directors present the following report on White Star Resources Limited, formerly known as Whinnen 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 2012.

1. DETAILS OF DIRECTORS AND OFFICERS

Directors holding office during and up to the date of this report are:

Anthony Greenaway
Felicity Repacholi-Muir
Robert Klug

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

COMPANY SECRETARY

The company secretary is Ms Tara Robson, B.A. Accounting. Ms Robson was appointed company secretary on 21 May 2012.

Ms Robson has 15 years experience, holding similar roles with listed entities since 1997. Prior to that Ms Robson was a senior audit manager with a major accounting practice.

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. OPERATING RESULTS

The loss of the Group after providing for income tax amounted to $4,688,220 (Jun 2012: $2,756,130).

4. FINANCIAL POSITION

The net assets of the Group have decreased by $4,438,516 from 30 June 2012 to $4,646,176 at 31 December 2012. This decrease is mainly due to the impairment of the acquisition costs of our Chile investment given the change in focus away from Chile and the pending closures of the offices in Santiago and Copiapo. This impacted the loss by $3,098,160.

The Group's working capital, being current assets less current liabilities, has decreased from $5,780,612 in June 2012 to $4,207,735 at 31 December 2012.

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.

DIRECTORS' REPORT

6. REVIEW OF OPERATIONS

The Company's main activities are copper-gold exploration in South America and Australia. Please refer to the Review of Company Activities Report immediately preceding this Director's Report for details of the Company's Activities.

7. 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.

8. 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, except for the following:

On 26 February 2013 the Company resolved to implement a number of cost-saving initiatives following a review of its exploration and business development activities in Chile. Part of this process will involve the Company closing its offices in Copiapo and Santiago over the coming weeks. The Company will implement procedures to maintain the title security of its existing project tenements in Chile whilst seeking potential Joint Venture partners for these early-stage exploration projects.

Subsequent to year end, the Hinkler Well project was sold to Zeus Resources Ltd for cash consideration of $5,250 and 262,500 fully paid ordinary shares in Zeus Resources Ltd. The sales proceeds of $5,250 will be recognised in 2013. The costs related to the Hinkler Well project were expensed in prior years.

9. FUTURE DEVELOPMENTS

As announced on 26 February 2013, the Company will close the offices in Copiapo and Santiago. The Company will implement procedures to maintain the title security of its existing project tenements in Chile whilst seeking potential Joint Venture partners for these early-stage exploration projects.

10. 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

Anthony Greenaway	Managing Director and Chief Executive Officer
Qualifications	BSc (Geology), GradDip Education (UWA)
Experience	Mr Greenaway is a geologist with 20 years of highly sought after international mining/exploration experience through his employment at executive management levels with several ASX listed companies including: Azumah Resources Limited, Iron Ore Holdings, BC Iron and Platinum Australia Limited. In these roles Mr Greenaway has been responsible for exploration/ project development operations management, with a focus on advancing project through to mining across a range of commodities including gold, base metals, iron ore and platinum group metals. Having worked in Southern and Western Africa, Indonesia and throughout Australia, Mr Greenaway has the diverse management, technical and logistical skills required to effectively and efficiently run exploration in offshore environments. Mr Greenaway is a current member of the AusIMM.
Directorships of other listed companies held in last 3 years	Nil
Appointed	16 May 2011
Interest in Shares	Nil
Interest in Options	6,000,000
Felicity Repacholi-Muir	Non-Executive Director (Independent)
Qualifications	BSc, GradCertAppFin
Experience	Mrs Repacholi-Muir is a geologist with over nine years of experience in minerals exploration after graduating from the University of Western Australia with a Bachelor of Science. Felicity began her career with Placer Dome Asia Pacific with the Granny Smith exploration team. She then worked for BHP Billiton involved in the expansion of the iron ore reserves before returning to gold exploration in the Murchison District of WA with Harmony Gold. Her experience extends to numerous commodities including gold, iron ore and uranium throughout Australia and abroad. Felicity is currently Senior Geologist at Cazaly Resources Ltd and is a member of the Australian Institute of Geoscientists.
Directorships of other listed companies held in last 3 years	Nil
Appointed	6 February 2007
Interest in Shares	100,001 fully paid ordinary shares
Interest in Options	50,001

DIRECTORS' REPORT

11. INFORMATION ON DIRECTORS (cont)

Robert Klug	Non-Executive Director
Qualifications	LLB
Experience	Mr Klug has held accounting, senior legal and corporate finance roles in his 18 year career. Initially trained as an auditor with KPMG Perth, Mr Klug worked in London as a corporate lawyer after having completed his law degree at Murdoch University in Perth. Upon his return to Perth, he joined Freehills Perth Office, where he worked almost exclusively with small and mid cap resource companies. After a number of years at Freehills, Mr Klug worked in corporate finance as a Director of Carmichael Capital Markets, the Corporate Finance arm of DJ Carmichael Stockbrokers. In 2005, Mr Klug became General Manager Business Development with St Barbara Limited until St Barbara relocated its head office to Melbourne in early 2007 when he joined Heron Resources Limited in a senior management role. He is currently Commercial Manager – Legal Counsel at Sandfire Resources NL and was nominated by Sandfire to join White Star Resources Limited's Board after exercising their right to nominate a Board member under the Technical Services Agreement, which more detail can be found in Note 23 of the Notes to the Consolidated Financial Statements.
Directorships of other listed companies held in last 3 years	Nil
Appointed	21 June 2012
Interest in Shares	Nil
Interest in Options	Nil

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**
Anthony Greenaway	4	4
Felicity Repacholi-Muir	4	4
Robert Klug	4	4

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.

DIRECTORS' REPORT

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 remuneration policy, setting the terms and conditions for the executive directors and other senior staff members, was developed by the board. In determining competitive remuneration rates, the Board referred to independent salary data based on local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes, benefit plans and share plans.

Fixed Compensation

All executives receive a base salary (which is based on factors such as length of service and experience), superannuation and fringe benefits. The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9% and do not receive any other retirement benefits.

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 term incentives provided. Long term incentives are delivered 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 in the period earned.

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.

	December 2012	June 2012	June 2011	June 2010	June 2009
Share price as at period end	$0.03	$0.03	$0.08	$0.05	$0.04

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		Total	Proportion of remuneration performance related	Value of options as proportion of remuneration
	Salary	Other[5]	Non-Monetary	Superannuation	Termination Payment	Equity	Options	$	%	%
Directors										
6 Months ending 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**	-	-
12 Months ending 30 June 2012										
Anthony Greenaway **Managing Director**	263,258	88,309	-	22,500	-	-	161,984*	**536,051**	-	**30.22%**
William Turner [1] **Chairman**	40,932	-	-	3,684	-	-	-	**44,616**	-	-
Felicity Repacholi-Muir **Non-Executive Director**	36,000	-	-	3,240	-	-	-	**39,240**	-	-
Richard Monti [2] **Non-Executive Director**	9,000	-	-	810	-	-	-	**9,810**	-	-
Nathan McMahon [3] **Non-Executive Director**	30,000	-	-	-	-	-	-	**30,000**	-	-
Robert Klug [4] **Non-Executive Director**	-	-	-	-	-	-	-	-	-	-
Total Remuneration	**379,190**	**88,309**	-	**30,234**	-	-	**161,984**	**659,717**	-	-

1. Mr William Turner was appointed on the 28 November 2011 and resigned on the 23 June 2012.
2. Mr Richard Monti resigned on the 6 September 2011.
3. Mr Nathan McMahon resigned on the 3 April 2012.
4. Mr Robert Klug was appointed on the 21 June 2012.
5. Mr Greenaway received other benefits consisting of housing and school fees for the patriation of his family to Chile.

* Options revalued to grant date value.

DIRECTORS' REPORT

13. REMUNERATION REPORT - AUDITED

Key Management Personnel Employment Contracts

Tony Greenaway – Managing Director

Mr Greenaway's remuneration package consists of an annual base salary, 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. He has been issued with 6,000,000 options of which 2,000,000 have vested.

The terms of the contract are continuing until such time either the Company or the employee provides notice. The Company and the employee are required to provide 3 months written notice of termination; however the Company may terminate the contract at any time without notice if serious misconduct has occurred.

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.

30 June 2012	Grant date	Expiry date	Vesting date	Exercise price per option	Fair value per option at grant date	No. Options granted during the period	No. Options exercised during the period	No. options vested during the period
Directors of WSR						**Year 2012**	**Year 2012**	**Year 2012**
Anthony Greenaway	28/11/11	16/05/16	16/05/12	12c	4.8c	2,000,000	-	2,000,000
	28/11/11	16/05/16	16/05/13	14c	4.7c	2,000,000	-	-
	28/11/11	16/05/16	16/05/14	16c	4.6c	2,000,000	-	-
						6,000,000	**-**	**2,000,000**

The options are issued to directors and executives of White Star Resources Limited to increase goal congruence between executives, directors and shareholders. The options vest upon the completion of service periods during which Mr Greenaway must remain employed in his capacity as Managing Director. The options vest one, two and three years from the date of grant for each of the respective options.

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

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
Listed Options			
54,142,502	20 cents	30 April 2013	22 January 2010
7,500,000			30 November 2009
61,642,502			
Unlisted Options			
22,500,000	20 cents	30 April 2014	6 July 2011
2,000,000	12 cents	16 May 2016	28 November 2011
2,000,000	14 cents	16 May 2016	28 November 2011
2,000,000	16 cents	16 May 2016	28 November 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
150,000	6 cents	5 January 2017	5 January 2012
150,000	7 cents	5 January 2017	5 January 2012
200,000	8 cents	5 January 2017	5 January 2012
30,500,000			

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 30 June 2012.

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 6 months to 31 December 2012.

Details of the amounts paid to the auditor of the Group for audit services provided during the period are set out in Note 7.

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 26.

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

Anthony Greenaway
Managing Director **Perth, 28 March 2013**

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

To: the directors of Whitestar Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the six months ended 31 December 2012 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

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

KPMG

KPMG

Graham Hogg
Partner

Perth

28 March 2013

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 2012, 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 six months ended on that date, notes 1 to 26 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 period's end or from time to time during the financial period.

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.

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*.

KPMG

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 2012 and of its performance for the period ended on that date; and

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

(b) the financial report of the Group 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 six months ended 31 December 2012. 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 six months ended 31 December 2012, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Graham Hogg
Partner

Perth

28 March 2013

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2012

	Note	6 Months to 31 Dec 2012 $	30 June 2012 (Restated)* $
Other income	2	126,936	432,284
Administration		(88,236)	(196,223)
Communication		(13,961)	(15,427)
Compliance and regulatory expenses		(297,243)	(375,744)
Conferences		-	(1,956)
Consultancy costs		(23,485)	(117,176)
Directors fees		(177,219)	(407,691)
Employee salaries	3	(573,468)	(534,260)
Occupancy		(33,046)	(103,933)
Travel		(134,970)	(132,993)
Other		(24,217)	(127,914)
Depreciation		(34,856)	(34,852)
Investor relations		(19,859)	(39,811)
Exploration expenditure		(124,091)	(2,242,368)
Impairment of exploration evaluation asset	14	(3,098,160)	-
Option based payments		(172,276)	(483,466)
Reversal of success fee expense		-	1,626,600
Diminution in share value		(60)	(1,200)
Loss on foreign exchange		(9)	-
Loss before income taxes	3	(4,688,220)	(2,756,130)
Income tax benefit	5	-	-
Loss for the period		**(4,688,220)**	**(2,756,130)**
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Exchange differences on translation of foreign operations		77,428	(151,293)
Total comprehensive income for the period		**(4,610,792)**	**(2,907,423)**
Profit/(loss) attributable to:			
Owners of the parent		**(4,672,634)**	**(2,723,430)**
Non-controlling interest		**(15,586)**	**(32,700)**
		(4,688,220)	**(2,756,130)**
Total comprehensive income/(expense) for the period is attributable to:			
Owners of the parent		**(4,594,732)**	**(2,874,936)**
Non-controlling interest		**(16,060)**	**(32,487)**
		(4,610,792)	**(2,907,423)**
Earnings per share			
Basic and diluted earnings (loss) per share ($ per share)	8	($0.019)	($0.011)

* See Note 4.

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

	Note	31 December 2012 $	30 June 2012 (Restated)* $	1 July 2011 (Restated)* $
CURRENT ASSETS				
Cash and cash equivalents	9	247,913	291,252	2,899,502
Term deposits	9	4,200,000	5,750,000	-
Trade and other receivables	10	113,100	149,065	48,684
Assets held for trading	13	10,540	10,600	7,800
TOTAL CURRENT ASSETS		**4,571,553**	**6,200,917**	**2,955,986**
NON CURRENT ASSETS				
Plant and equipment	12	176,162	195,320	3,416
Exploration, evaluation and development expenditure	14	-	3,098,160	-
Other non-current assets		251,739	-	-
TOTAL NON CURRENT ASSETS		**427,901**	**3,293,480**	**3,416**
TOTAL ASSETS		**4,999,454**	**9,494,397**	**2,959,402**
CURRENT LIABILITIES				
Trade and other payables	15	320,918	271,520	3,853,014
Provisions		32,360	138,185	-
TOTAL CURRENT LIABILITIES		**353,278**	**409,705**	**3,853,014**
TOTAL LIABILITIES		**353,278**	**409,705**	**3,853,014**
NET ASSETS		**4,646,176**	**9,084,692**	**(893,612)**
EQUITY				
Issued Capital	16	18,060,958	18,060,958	5,918,189
Reserves		1,565,884	1,315,706	724,334
Accumulated losses		(14,932,199)	(10,259,565)	(7,536,135)
Parent entity interest		4,694,643	9,117,099	(893,612)
Non-controlling interest		(48,467)	(32,407)	-
TOTAL EQUITY		**4,646,176**	**9,084,692**	**(893,612)**

* See Note 4.

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2012

	Issued Capital	Accumulated Losses	Option Reserve	Foreign Currency Reserve	Non-Controlling Interest	Total
	$	$	$	$	$	$
Balance at 1 July 2011	**5,918,189**	**(7,536,135)**	**724,863**	**(529)**	**-**	**(893,612)**
Loss for the period	-	(572,897)	-	-	(10,977)	(583,874)
Impact of change in accounting policy	-	(2,150,533)	-	-	(21,723)	(2,172,256)
Total Loss for the period	-	(2,723,430)	-	-	(32,700)	(2,756,130)
Exchange differences on translation of foreign operations	-	-	-	(151,506)	213	(151,293)
Total comprehensive income for the period	**-**	**(2,723,430)**	**-**	**(151,506)**	**(32,487)**	**(2,907,423)**
Transactions with owners, in their capacity as owners, and other transfers						
Placement	7,280,000	-	-	-	-	7,280,000
Capital raising cost	(700,000)	-	-	-	-	(700,000)
Share based payments consultants	2,870,000	-	217,983	-	-	3,087,983
Acquisition of Mystic Sands	2,730,000	-	259,200	212	80	2,989,492
Capital raising costs for the acquisition of Mystic Sands	(37,231)	-	-	-	-	(37,231)
Employee options benefit expense	-	-	265,483	-	-	265,483
Sub-Total	**12,142,769**	**-**	**742,666**	**212**	**80**	**12,885,727**
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)
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**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2012

	Note	Period 31 December 2012 $	Year 30 June 2012 (Restated)* $
Cash Flows from Operating Activities			
- Payments to suppliers and employees		(1,655,068)	(1,905,492)
- Payments for exploration, evaluation and development		(85,835)	(2,285,507)
Net cash (used in) operating activities	20(i)	(1,740,903)	(4,190,999)
Cash Flows from Investing Activities			
- Purchase of plant and equipment		(14,930)	(226,757)
- Purchase of financial assets		-	(4,000)
- Net investment in term deposits		1,550,000	(2,986,246)
- Interest received on term deposits		160,697	374,939
Net cash used in/provided by investing activities		1,695,767	(2,842,064)
Cash Flows from Financing Activities			
- Proceeds from issue of shares		-	7,210,000
- Payment for costs of issue of shares		-	(19,730)
Net cash provided by financing activities		-	7,190,270
Net increase / (decrease) in cash held		(45,136)	157,207
Cash at beginning of financial period		292,252	135,748
Exchange rate adjustments		797	(703)
Cash at end of financial period	9	**247,913**	**292,252**

* See Note 4.

The accompanying notes form part of these financial statements

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

1. BASIS OF PREPARATION

(i) Reporting Entity

White Star Resources Limited (the "Company", formerly known as Whinnen Resources Limited) is a publicly listed Company incorporated and domiciled in Australia. The consolidated financial statements of the Company as at and for the six months ended 31 December 2012 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 Level 1, 47 Ord Street, West Perth, WA, 6005.

Comparative figures

The Comparative Statement of comprehensive income and the comparative statement of financial position have been re-presented as if the change in accounting policy took place from the start of the comparative period (note 4).

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 twelve month period from 1 July 2011 to 30 June 2012. The results for the period are therefore not directly comparable with the results for the year ended 30 June 2012.

(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 26 March 2013.

(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 4, which addresses changes in 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 2012

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 2012

(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, Evaluation and Development Expenditure

The Company has made a voluntary change to its accounting policy for exploration and evaluation expenditure. This change has been applied retrospectively. Acquisition costs and acquired exploration and evaluation expenditure which formed part of the business combination transaction must remain capitalised, until such time as impairment is considered. Refer to Notes 4 and 14 for further disclosure regarding the change.

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 2012

(d) Exploration, Evaluation and Development 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 2012

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 2012

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 2012

(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 21. 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 the assumptions detailed in Note 21.

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 2012

(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 2012

(t) New Standards and interpretations not yet adopted

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements follows:

- AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Liabilities (June 2012) (applicable for annual reporting periods commencing on or after 1 January 2014).

The amendments to AASB 132 clarify when an entity has a legally enforceable right to set-off financial assets and liabilities permitting entities to present balances net on the balance sheet.

- AASB 2012-2: Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (June 2012) (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 7 is amended to increase the disclosures about offset positions, including the gross position and the nature of the arrangements.

- AASB 9: Financial Instruments and AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2015).

AASB 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset.

In AASB 9 (December 2010), the AASB added requirements for the classification and measurement of financial liabilities that are generally consistent with the equivalent requirements in AASB 139 except in respect of the fair value option; and certain derivatives linked to unquoted equity instruments. The AASB also added the requirements in AASB 139 in relation to the derecognition of financial assets and financial liabilities to AASB 9.

- AASB 2011-4: Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (applicable for annual reporting periods commencing on or after 1 July 2013).

AASB 12 contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities.

- AASB 2011-7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (applicable for annual reporting periods commencing on or after 1 January 2013).

This standard gives effect to many consequential changes to a number of standards arising from the issuance of the new consolidation and joint arrangements standard.

AASB 2011-4 removes the requirement to include individual key management personnel disclosures in the notes to the financial statements. Companies will still need to provide these disclosures in the Remuneration Report under s.300A of the Corporations Act 2001. Early adoption is not permitted.

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

(t) New Standards and interpretations not yet adopted(Cont)

- AASB 10: Consolidated Financial Statements (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 10 introduces a new approach to determining which investees should be consolidated. An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

- AASB 12: Disclosures of Interests in Other Entities (applicable for annual reporting periods commencing on or after 1 January 2013).
- AASB 13: Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 explains how to measure fair value when required to by other AASBs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value that currently exist in certain standards.

- AASB 119: Employee Benefits (September 2011) and AASB 2011-10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 119 amended focussing on but not limited to the accounting for defined benefit plans. In addition it changes the definition of short-term and other long-term employee benefits and some disclosure requirements.

- IFRIC 20: Stripping Costs in the Production Phase of a Surface Mine – (applicable for annual reporting periods commencing on or after 1 January 2013).

This Interpretation clarifies when production stripping costs should lead to the recognition of an asset and how that asset should be initially and subsequently measured.

The Group does not anticipate the early adoption of any of the above Australian Accounting Standards, and has not assessed the full impact of these amendments at the date of this report. The financial report was authorised for issue on 26 March 2013 by the Board of Directors.

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

	6 months ended 31 December 2012 $	12 months ended 30 June 2012 $ (Restated)
2. *OTHER INCOME*		
Revenue from continuing operations		
Operating activities		
- interest	126,936	432,284
	126,936	432,284
3. *LOSS FOR THE PERIOD*		
Loss for the period includes the following expenses:		
(i) Expenses		
Employee benefits expense		
- Salaries	567,888	527,932
- Superannuation	5,580	6,328
	573,468	534,260
Exploration and evaluation	124,091	2,242,368
Depreciation	34,856	34,852
Impairment of exploration evaluation asset	3,098,160	-

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

4. VOLUNTARY CHANGE TO ACCOUNTING POLICY

The financial report has been prepared on the basis of a retrospective application of a voluntary change in accounting policy relating to exploration and evaluation expenditure.

The new exploration and evaluation expenditure accounting policy is to expense expenditure incurred on licences where the technical feasibility and commercial viability of extracting mineral resources has not yet been established as incurred.

Refer note 1(d) for details of the new exploration and evaluation expenditure accounting policy.

The previous exploration and evaluation expenditure accounting policy was to capitalise and carry forward exploration and evaluation expenditure as an asset when rights to tenure of the area of interest are current and costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively by its sale.

The new accounting policy was adopted on 1 July 2012 and has been applied retrospectively. Management judges that the change in policy will result in the financial report providing more relevant and no less reliable information because it leads to a more transparent treatment of exploration and evaluation expenditure.

The impact of the change in accounting policy on the Consolidated Statement of Financial Position and Consolidated Income Statement is set out below:

Consolidated Statement of Financial Position	**30 June 2012 (Restated)**	**30 June 2012**	**Difference**
Capitalised exploration	3,098,160	5,270,416	(2,172,256)
Net assets	9,084,692	11,256,948	(2,172,256)
Accumulated losses	(10,259,565)	(8,109,032)	2,150,533
Non-controlled interest	(32,407)	(10,684)	21,723

Consolidated Statement of Comprehensive Income	**30 June 2012 (Restated)**	**30 June 2012**	**Difference**
Exploration expenditure written off	(2,242,368)	(70,112)	(2,172,256)
Loss for the period	(2,756,130)	(583,874)	(2,172,256)
Basic earnings / (loss) per share ($ per share)	($0.011)	($0.002)	($0.009)

There was no capitalised exploration and evaluation expenditure at 30 June 2011, so the change in the accounting policy does not impact the 30 June 2011 balances.

Following the retrospective application of the change in accounting policy, cash flows relating to exploration and evaluation activity have now been reclassified from investing to operating activities in the statement of cash flows.

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

	6 months ended 31 December 2012	12 months ended 30 June 2012 (Restated)
5. INCOME TAX EXPENSE		
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:		
Net loss before tax	(4,688,220)	(2,756,130)
Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2012: 30%)	(1,406,466)	(826,839)
Increase in income tax due to:		
Non-deductible expenses	1,321,102	660,002
Current period tax losses not recognised	81,568	173,456
Derecognition of previously recognised tax losses	364	-
Decrease in income tax expense due to:		
Movement in unrecognised temporary differences	6,143	360
Deductible equity raising costs	(2,711)	(6,979)
Income tax expense attributable to entity	-	-

(b) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following:		
Deductible temporary differences	21,315	17,519
Tax revenue losses	1,923,071	1,804,170
	1,944,386	1,821,689

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

Deferred tax assets and deferred tax liabilities

	Assets		**Liabilities**		**Net**	
	Dec 2012	**June 2012**	**Dec 2012**	**June 2012**	**Dec 2012**	**June 2012**
Accruals	13,919	19,584	-	-	13,919	19,584
Plant and equipment	3,150	4,000	-	-	3,150	4,000
Prepayments	-	-	(10,944)	(2,629)	(10,944)	(2,629)
Interest	-	-	-	(21,319)	-	(21,319)
Investments	438	419	-	-	438	419
Capital raising costs	14,752	17,464	-	-	14,752	17,464
	32,259	**41,467**	**(10,944)**	**(23,948)**	**21,315**	**17,519**

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.

6. KEY MANAGEMENT PERSONNEL (KMP) COMPENSATION

The components of the tax expense/(income) comprise:

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

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**	**Total**
	$	**$**	**$**	**$**	**$**
6 months ended 31 December 2012					
Total compensation	231,689	14,577	-	39,106	285,372
12 months ended 30 June 2012					
Total compensation	467,499	30,234	-	161,984*	659,717

* Options revalued to grant date value.

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

b) KMP Shareholdings and Options

Number of Shares held by Directors:

	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

	Balance 1 July 2011	**Received as Remuneration**	**Options Exercised**	**Net Change - Other**	**Balance 30 June 2012**
W Turner ***	1,617,720	-	-	(1,617,720)	-
N McMahon	-	-	-	-	-
A Greenaway	-	-	-	-	-
R Monti **	125,001	-	-	(125,001)	-
F Repacholi-Muir	100,001	-	-	-	100,001
R Klug	-	-	-	-	-
	1,842,722	-	-	(125,001)	100,001

** Mr R Monti resigned on the 6th September and his shareholding at the date of resignation was 125,001.
*** Mr W Turner acquired both directly and indirectly 1,617,720 shares whilst he was appointed Chairman and this is the balance he held at the date of his resignation as a Director of the Company on 23rd June 2012.

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

Number of Options held by Directors:

	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

	Balance 1 July 2011	Received as Remuner-ation	Vested During the Period	Options Exercised	Net Change - Other	Balance 30 June 2012	Vested and exercisable at 30 June 2012
W Turner	-	-	-	-	-	-	-
N McMahon	-	-	-	-	-	-	-
A Greenaway	-	6,000,000	2,000,000	-	-	6,000,000	2,000,000
R Monti *	62,501	-	-	-	(62,501)	-	-
F Repacholi-Muir	50,001	-	-	-	-	50,001	50,001
R Klug	-	-	-	-	-	-	-
	112,502	6,000,000	2,000,000	-	(62,501)	6,050,001	2,050,001

* Mr R Monti resigned on the 6th September and his option holding at the date of resignation was 62,501.

	6 months ended 31 December 2012 $	12 months ended 30 June 2012 $
7. AUDITORS' REMUNERATION		
Remuneration of the auditor for:		
- Auditing or reviewing the financial report	15,573	52,880
	15,573	52,880

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

	6 months ended 31 December 2012 $	12 months ended 30 June 2012 $ (Restated)*
8. EARNINGS PER SHARE		
(a) Loss used in the calculation of basic EPS	(4,688,220)	(2,756,130)
	31 December 2012	**30 June 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	246,728,839

***** See Note 4.

9. CASH, CASH EQUIVALENTS AND TERM DEPOSITS	**31 December 2012 $**	**30 June 2012 $**
Cash at bank	247,913	291,252
Short term deposits (i),(ii)	800,000	250,000
Term deposits (iii), (iv)	3,400,000	5,500,000
	4,447,913	6,041,252

(i) Included in short term deposits are cash deposits maturing between 30 days and 90 days and as at 31 December 2012 paying interest at rates between 3.61% and 4.1% per annum.

(ii) Included in short term deposits are cash deposits maturing between 30 days and 90 days and as at 30 June 2012 paying interest at a rate of 5.4% per annum.

(iii) 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.

(iv) Included in term deposits are cash deposits maturing between 90 and 152 days and as at 30 June 2012 paying interest at rates between 5.4% and 5.6% per annum.

10. TRADE AND OTHER RECEIVABLES

Current		
Accrued interest	36,479	71,062
Prepayments	20,026	44,631
Other debtors	56,595	33,372
	113,100	**149,065**

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

11. CONTROLLED ENTITIES

Controlled Entities

Subsidiaries of White Star Resources Limited:

Name	Country of Incorporation	Ownership Interest 31 December 2012 %	30 June 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

12. PLANT AND EQUIPMENT

Plant and Equipment	31 December 2012 $	30 June 2012 $
At cost	246,462	229,737
Accumulated depreciation	(70,300)	(34,417)
	176,162	195,320

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	195,320	3,416
Additions	10,053	226,321
Disposals and write offs	-	-
Depreciation expense	(34,856)	(34,852)
Exchange differences	5,645	435
Carrying amount at the end of the period	176,162	195,320

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

13. *ASSETS HELD FOR TRADING*	31 December 2012 $	30 June 2012 $
Assets held for trading at fair value through profit and loss		
Shares at fair value through profit and loss		
- listed entities	10,540	10,600

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).

2012	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets:	**$**	**$**	**$**	**$**
Financial assets at fair value through profit or loss:				
- investments – held-for-trading	10,540	-	-	10,540

14. *EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE*	31 December 2012 $	30 June 2012 (Restated) $
Non-Current		
Costs carried forward in respect of areas of interest in:		
- Exploration and evaluation phases – at acquisition cost	-	3,098,160
Movement		
Opening balance	3,098,160	-
Acquisition of White Star Chile (formerly Puna Resources) (i)	-	3,098,160
Impairment of acquisition costs	(3,098,160)	-
Closing balance	-	3,098,160

(i) Initial recognition of the acquisition of White Star Resources Chile S.C.M, was included as exploration and evaluation expenditure and in line with accounting principles capitalised as an exploration and evaluation asset.

During the 6 months to 31 December 2012, the Company resolved to change the accounting policy relating to exploration and evaluation expenditure with retrospective application. All ongoing exploration and evaluation expenditure is now expensed as incurred with retrospective application. Acquired exploration and evaluation will continue to be capitalized. Refer to Notes 1(d) and Note 4 for more details.

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 will be 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 investment 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 2012

		31 December 2012 $	**30 June 2012 $**
15.	***TRADE AND OTHER PAYABLES***		
	Current		
	Unsecured		
	Trade creditors	71,408	130,295
	Other creditors and accrued expenses	249,510	141,225
		320,918	271,520

16.	***CONTRIBUTED EQUITY AND RESERVES***		
		No.	**No.**
(a)	Fully paid ordinary shares	**250,085,003**	**250,085,003**

Ordinary Shares	$	$
At the beginning of the reporting period	18,060,958	5,918,189
- shares issued during period / placement	-	7,280,000
- capital raising costs	-	(700,000)
- share based payments to consultants	-	2,870,000
- acquisition of Mystic Sands	-	2,730,000
- capital raising costs of the acquisition	-	(37,231)
At reporting date	**18,060,958**	**18,060,958**

The Group has authorised share capital amounting to 250,085,003 shares with no par value.

Fully paid Ordinary Shares	**No.**	**No.**
At the beginning of the reporting period	250,085,003	70,085,003
Shares issued during the period	-	104,000,000
Share based payments	-	31,000,000
Acquisition payments	-	35,000,000
Capital raising	-	10,000,000
At reporting date	**250,085,003**	**250,085,003**

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 2012, there are 92,142,502 (June 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 $5,780,612 in June 2012 to $4,207,735 at 31 December 2012.

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
	$	$	$
At 30 June 2012	**1,467,529**	**(151,823)**	**1,315,706**
Exchange differences on translation of foreign operations	-	77,902	77,902
Option based payments expense	172,276	-	172,276
Balance at 31 December 2012	**1,639,805**	**(73,921)**	**1,565,884**

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 2012	Consolidated 30 June 2012
	$	$
Interest in:		
Accumulated losses	(48,207)	(32,620)
Reserves	(260)	213
	(48,467)	**(32,407)**

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

17. 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, where are subject to renegotiation on expiry of the leases, are not provided for in the financial statements and are payable:

	31 December 2012 $	30 June 2012 $
Not longer than one year	153,936	20,000
Longer than one year, but no longer than five years	225,244	60,000
	379,180	80,000

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

18. CONTINGENT LIABILITIES

In the opinion of the directors there were no contingent liabilities at 31 December 2012, and the interval between 31 December 2012 and the date of this report.

19. 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 two business segments (for primary reporting) being mineral exploration and corporate.

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 2012

19. OPERATING SEGMENTS (cont)

Segment Information

	Exploration $	Corporate $	Total Operations $
Period Ended 31 December 2012			
Revenue			
Interest revenue	822	126,114	126,936
Total segment revenue	**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)
Period Ended 30 June 2012 (Restated)*			
Revenue			
Interest revenue	2,043	430,241	432,284
Total segment revenue	**2,043**	**430,241**	**432,284**
Segment Result	**(2,189,542)**	**566,588**	**(2,756,130)**
Segment Assets	**924,040**	**8,570,357**	**9,494,397**
Segment Liabilities	**204,831**	**204,874**	**409,705**
Included within segment result			
Option fee (net of reversal)	-	1,143,134	1,143,134
Exploration expenditure written off	(2,242,368)	-	(2,242,368)

***** See Note 4.

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

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 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**

30 June 2012	**Australia**	**Chile**	**Total**
Non-Current Assets			
Property, Plant and Equipment	26,752	168,568	195,320
Exploration, evaluation and development expenditure	-	3,098,160	3,098,160
	26,752	**3,266,728**	**3,293,480**

20. CASH FLOW INFORMATION

	31 December 2012 $	**30 June 2012 $**
(i) Reconciliation of cash flows from operating activities with profit/(loss) after income tax		
Profit / (loss) for the period after income tax	(4,688,220)	(2,756,130)
Adjustments for:		
Interest reclassified	(160,697)	(374,939)
GST on share capital raising	-	52,501
Non-cash acquisition of exploration evaluation asset	-	2,989,700
Depreciation	34,856	34,852
Share capital movement included in accounts payable	-	2,170,000
Reclassification of exploration evaluation asset	-	(3,098,160)
Impairment of exploration evaluation asset	3,098,160	-
Option based payments	172,176	483,466
Diminution in share value	60	1,200
Foreign exchange	74,963	(149,799)
	(1,468,702)	(647,309)
Change in trade and other receivables	35,965	(100,381)
Change in trade and other payables	49,398	(3,581,494)
Change in other non-current assets	(251,739)	-
Change in provisions	(105,825)	138,185
Net cash outflows from operating activities	**(1,740,903)**	**(4,190,999)**

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

21. SHARE BASED PAYMENTS

At 31 December 2012, the Group has the following share and option based payments arrangements in place;

In relation to the acquisition of Mystic Sands Pty Ltd during the year ended 30 June 2012, the following shares were issued;

Fully paid ordinary shares	**$**
- 17,000,000 shares issued to Sandfire Resources NL – Consultant	1,190,000
- 14,000,000 shares issued to Ravenhill Investments Pty Ltd – Consultant	980,000
- 10,000,000 shares issued to Euroz Securities Ltd – Broker	700,000

The aggregate value of share based payments for the June 2012 financial period was $2,870,000 with the amount of $700,000 for services provided by Euroz for capital raising, offset in equity.

Options	**$**
- 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*	**Options issued as part of Acquisition of Mystic Sands Pty Ltd****
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 issue	$0.081	$0.078
Volatility	95.1%	95.1%
Risk free rate	4.75%	4.75%
Fair value	$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. See Note 23 for details.

** See Note 24 for details.

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 established an employee incentive scheme as approved by shareholders on 30 November 2009. The purpose of the scheme was to give an additional incentive to directors, employees and consultants, to provide dedicated and on-going commitment and effort to the Company.

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

21. SHARE BASED PAYMENTS (Cont'd)

The following share-based payment arrangements for employees of the Group existed as at 31 December 2012:

	Number of Options	**Weighted Average Exercise Price $**
Outstanding at 1 July 2012	8,000,000	0.126
Granted	-	-
Forfeited	-	-
Exercised	-	-
Expired	-	-
Outstanding at 31 December 2012	8,000,000	0.126
Exercisable at 31 December 2012	2,000,000	0.112

	Options issued to Employees
Number of options issued	8,000,000
Exercise price	$0.06-$0.16
Expiry date	16 May 2016 – 5 January 2017
Weighted average life of options	1827 days
Underlying share price at issue	$0.07
Volatility	95.1%
Risk free rate	4.75%
Fair value	$0.0416-$0.0605

Options issued to employees are issued in 3 tranches. Each tranche vest within one to three years of employment. The fair value change in options issued to employees is expensed over the vesting period of each tranche.

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.

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

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, except for the following:

On 26 February 2013 the Company resolved to implement a number of cost-saving initiatives following a review of its exploration and business development activities in Chile. Part of this process will involve the Company closing its offices in Copiapo and Santiago over the coming weeks. The Company will implement procedures to maintain the title security of its existing project tenements in Chile whilst seeking potential Joint Venture partners for these early-stage exploration projects.

Subsequent to year end, the Hinkler Well project was sold to Zeus Resources Ltd for cash consideration of $5,250 and 262,500 fully paid ordinary shares in Zeus Resources Ltd. The sales proceeds of $5,250 will be recognised in 2013. The costs related to the Hinkler Well project were expensed in prior years.

23. 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 6 to the accounts.

In May 2011, White Star Resources ("White Star" or the "Company") entered into a Technical Services Agreement with Sandfire Resources NL ("Sandfire"). Under the terms of the Technical Services Agreement, Sandfire will provide ongoing technical advice and support in relation to exploration activities of the Company. In addition Sandfire will have the right whilst a holder of 10% or greater equity interest in the Company to:

- Maintain its equity interest in the event of any future capital raisings by the Company
- A first right of refusal to purchase 70% of any future minerals produced from the Company's projects on commercial arm's length terms; and
- Nominate two Directors to join the Board of White Star.

Sandfire currently holds 17.1% of the outstanding shares in the Company and has exercised its right to nominate one director, Mr Robert Klug.

Refer to Note 21 for further detail around the nature of compensation to the consultants during the period.

Beyond the Technical Service Agreement, there have been no further transactions with Key Management Personnel.

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

24. BUSINESS COMBINATION

(a) Summary of acquisition

On 8 July 2011 the parent entity acquired 100% of the issued share capital of Mystic Sands Pty Ltd. The acquisition significantly increased the size of the business.

Details of the purchase consideration, the net assets acquired and value of exploration expenditure acquired are as follows:

Purchase consideration:

	$
Cash paid	-
35,000,000 ordinary fully paid shares	2,730,000
8,000,000 options exercisable at $0.20	259,200
Contingent consideration 5,000,000 fully paid shares	78,000
Total purchase consideration	**3,067,200**

Shares and options were issued to the vendor and control over Mystic Sands Pty Ltd was transferred from the vendor to White Star Resources Ltd on 8 July 2011, being the acquisition date.

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value
Cash	30,992
Other receivables (i)	1,369
Capitalised exploration (ii)	3,098,160
Trade and other payables	(63,321)
Net assets acquired	**3,067,200**

(i) Acquired receivables

The fair value and gross value of acquired trade receivables is $1,369. At acquisition date, the full balance of trade receivables was expected to be collectible.

(ii) Exploration expenditure

Exploration expenditure acquired has been recorded at its acquisition date fair value as required by AASB 3. These costs are carried forward only to the extent that they are expected to be recouped through the successful development or sale of the area, or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence or otherwise of economically recoverable reserves.

Recovery of the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation or, alternatively, sale of the respective areas of interest.

(b) Share based payments in relation to the acquisition of Mystic Sands Pty Ltd

Share based payments made to other parties in relation to the acquisition of Mystic Sands Pty Ltd on 8 July 2011 are described more fully in Note 21.

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

25. 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.

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

25. FINANCIAL INSTRUMENTS (Cont)

Foreign currency risk

The Group undertakes certain transactions in foreign currencies; hence exposures to exchange rate fluctuations arise. The main exposure to currency risk is in the Group's net investment in its subsidiary, White Star Chile.

Management ensures that the Group's net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address the short term imbalances.

The carrying amount of the Groups net investment in White Star Chile at the reporting date is $4,846,801, CLP 2,364,450,169 (June 2012: $1,068,585, CLP539,028,756). The currency used in Chile is the Chilean Peso and at the reporting date, the average rate used was 1A$=489.2711, and the spot rate was 1A$=487.8372.

A strengthening (weakening) of the AUD, as indicated below against the Chilean Peso at 31 December would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases.

	Strengthening		**Weakening**	
31 December 2012	**Equity**	**Profit or Loss**	**Equity**	**Profit or Loss**
CLP (5 percent movement)	$(230,800)	$177,662	$255,095	$(196,363)

	Strengthening		**Weakening**	
30 June 2012	**Equity**	**Profit or Loss**	**Equity**	**Profit or Loss**
CLP (5 percent movement)	$(50,885)	$51,630	$56,241	$(57,065)

Interest rate risk

The Group has no current or non-current corporate borrowings at 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 majority of 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 reports 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.
At 31 December 2012, 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:

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

6 months ended 31 December 2012

CHANGE IN LOSS	**Change $**	**2012 $**
Increase in interest rate by 200 basis points	+88,958	(4,735,134)
Decrease in interest rate by 200 basis points	-88,958	(4,557,218)

CHANGE IN EQUITY	**Change $**	**2012 $**
Increase in interest rate by 200 basis points	+88,958	4,735,134
Decrease in interest rate by 200 basis points	-88,958	4,557,218

Year ended 30 June 2012

CHANGE IN LOSS	**Change $**	**2012 $**
Increase in interest rate by 200 basis points	+120,825	(463,049)
Decrease in interest rate by 200 basis points	-120,825	(704,699)

CHANGE IN EQUITY	**Change $**	**2012 $**
Increase in interest rate by 200 basis points	+120,825	11,377,773
Decrease in interest rate by 200 basis points	-120,825	11,136,123

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.

(a) **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.

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.

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

25. FINANCIAL INSTRUMENTS (cont.)

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 to recognised financial assets, 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 2012 $	**30 June 2012 $**
Financial assets:		
Cash and cash equivalents		
- AA rated counterparties	247,913	291,252
- Short-term maturity term deposits	4,200,000	5,750,000

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 2012

25. FINANCIAL INSTRUMENTS (Cont)

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	-	-	-	-	-

30 June 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	250,000	-	-	291,252	541,252
Term deposits	-	5,500,000	-	-	5,500,000
Receivables	-	-	-	351,869	351,869
	250,000	5,500,000	-	643,121	6,393,121
Weighted average Interest rate	5.39%	5.6%	-	-	-
Financial Liabilities					
Payables	-	-	-	271,520	271,520
	-	-	-	271,520	271,520
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.

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 2012

26. PARENT ENTITY DISCLOSURES

Financial Position	**31 December 2012**	**30 June 2012 (Restated)***
Assets		
Current Assets	4,377,555	6,153,516
Non-Current Assets	25,713	3,540,349
Total Assets	4,403,268	9,693,865
Liabilities		
Current Liabilities	201,440	204,874
Non-Current Liabilities	-	-
Total Liabilities	201,440	204,874
Net Assets	4,201,828	9,488,991
Equity		
Issued Capital	18,060,958	18,060,958
Accumulated losses	(15,498,933)	(10,039,496)
Option benefit reserve	1,639,805	1,467,529
Total Equity	4,201,829	9,488,991

Financial Performance		
Profit/(Loss) for the period	(5,459,438)	(2,505,619)
Other Comprehensive Income	-	-
Total Comprehensive Income	(5,459,438)	(2,505,619)

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.

* See Note 4.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 29 to 66, are in accordance with the Corporations Act 2001:

   (a) comply with the AASBs which stated in accounting policy note 1 to the financial statements; constitutes explicit and unreserved compliance with International Financial Reporting (IFRS); and

   (b) giving a true and fair view of the financial position as at 31 December 2012 and of their performance for the period ended on that date of the Company and the consolidated group;

2. the Chief Executive Officer and Chief Financial Officer have each declared that:

   (a) the financial records of the company for the financial period have been properly maintained in accordance with section 286 of the Corporations Act 2001;

   (b) the financial statements and notes for the financial period comply with the Accounting Standards; and

   (c) the financial statements and notes for the financial period give a true and fair view.

3. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Anthony Greenaway
Managing Director

Perth,
28 March 2013

ADDITIONAL SHAREHOLDER INFORMATION

Shareholding

The distribution of members and their holdings of equity securities in the Group as at 14 March 2013 was as follows:

Number Held as at 15 March 2013	**Fully Paid Ordinary Shares**	**Options Exercisable at $0.20 on or before 30 April 2013**
1-1,000	12,796	6,834
1,001 - 5,000	230,351	140,188
5,001 – 10,000	1,002,083	128,720
10,001 - 100,000	9,752,654	2,354,980
100,001 and over	239,087,119	59,011,780
TOTALS	**250,085,003**	**61,642,502**
Holders of less than a marketable parcel	299	123
- fully paid shares	3,390,180	5,344,363

Substantial Shareholders

The company has the following substantial shareholders listed in the Company's register as at 14 March 2013:

Sandfire Resources NL	17.394%
Zero Nominees Pty Ltd	10.382%
Ravenhill Investments Pty Ltd <House of Equity A/C>	7.278%

Restricted Securities

The Group has no restricted securities on issue.

Voting Rights

<u>Ordinary Shares</u>

In accordance with the Company's Constitution, on a show of hands every member present in person or by proxy or attorney or duly authorised representative has one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has one vote for every fully paid ordinary share held.

ADDITIONAL SHAREHOLDER INFORMATION (CONT)

Twenty Largest Shareholders

The names of the twenty largest ordinary fully paid shareholders as at 14 March 2013 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 Limited	25,964,287	10.382
Ravenhill Investments Pty Ltd <House of Equity A/C>	18,200,000	7.278
Mazza Resources Pty Ltd	6,697,652	2.678
Pershing Australia Nominees Pty Ltd <Indian Ocean A/C>	6,135,000	2.453
Mr Alan Brien & Mrs Melinda Brien <A&M Brien Super fund A/C>	5,033,910	2.013
Greatside Holdings Pty Ltd	4,800,000	1.919
Keyrate Enterprises Pty Ltd	3,775,000	1.509
RPK Nominees Pty Ltd	3,479,121	1.391
Graceview Pty Ltd <The Graceview Super Fund>	3,373,684	1.349
Australian Executor Trustees	3,373,684	1.349
Three Zebras Pty Ltd	3,350,000	1.340
Mr 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
UBS Wealth Management Australia Nominees Pty Ltd	3,104,416	1.241
Mr Henry Cecil Floyd Luis Matte Larrain Las Condes	3,013,157	1.205
Ross Curtis Brown & Audrey Brown	2,565,789	1.026
Sammy Resources Pty Ltd	2,500,000	1.000
Inkese Pty Ltd	2,000,000	0.800
Perizia Investments Pty Ltd	1,970,450	0.788
Total	**148,965,802**	**59.566**

ADDITIONAL SHAREHOLDER INFORMATION (CONT)

The names of the twenty largest holders of $0.20 options exercisable on or before 30 April 2013 as at 15 March 2013 are as follows:

Name	Number of Options Held	% Held of Issued Options
UBS Wealth Management Australia Nominees Pty Ltd	4,484,661	7.275
Ravenhill Investments Pty Ltd <House of Equity A/C>	3,400,000	5.516
Cangu Pty Ltd <Cangu Family A/C>	2,800,000	4.542
Zero Nominees Pty Ltd	2,675,000	4.340
Bluebase Pty Ltd	2,600,000	4.218
Pershing Australia Nominees Pty Ltd <Indian OceanA/C>	2,500,000	4.056
Barque Investments Pty Ltd	2,000,000	3.245
Summerset Investments Pty Ltd	1,807,500	2.932
Mr Jeremy Tobias	1,510,348	2.450
Kobia Holdings Pty Ltd <The Kobia A/C>	1,500,000	2.433
BJS Robb Pty Ltd	1,400,000	2.271
Perizia Investments Pty Ltd	1,381,250	2.241
Sammy Resources Pty Limited	1,250,000	2.028
Mr Richard Armstrong Caldow <Loose Goose Family A/C>	1,200,000	1.947
Mr Jay Evan Dale Hughes <Inkese Family A/C>	1,200,000	1.947
Mr Mark Steven Hepburn <Hepburn Superannuation A/C>	1,200,000	1.947
Mr Robert Hirzel Black	1,200,000	1.947
RPK Nominees Pty Ltd <R & C Kane Super Fund A/C>	1,200,000	1.947
Mr Andrew William McKenzie & Mrs Catherine Patricia McKenzie <A W McKenzie Super Fund A/C>	1,200,000	1.947
Simjen Investments Pty Ltd	1,200,000	1.947
Totall	**37,708,759**	**61.173**

CORPORATE GOVERNANCE STATEMENT

The Group is committed to implementing the highest standards of corporate governance. In determining what those high standards should involve the Group has turned to the ASX Corporate Governance Council's Principles of Good Corporate Governance and Recommendations with 2010 Amendments.

To illustrate where the Group has addressed each of the Council's recommendations, the following table cross-references each recommendation with sections of this report. The table does not provide the full text of each recommendation but rather the topic covered. Details of all of the recommendations can be found on the ASX Corporate Governance Council's website at asx.com.au/supervision/governance/index.htm.

Recommendation	Section
Recommendation 1.1 Functions of the Board and Management	1.1 and 1.3
Recommendation 1.2 Performance Evaluation of Senior Executives	3.1.2
Recommendation 1.3 Reporting on Principle 1	1.1, 1.3 and 3.1.2
Recommendation 2.1 Independent Directors	1.2
Recommendation 2.2 Independent Chairman	1.2
Recommendation 2.3 Role of the Chairman and CEO	1.2
Recommendation 2.4 Establishment of Nomination Committee	2.2
Recommendation 2.5 Performance Evaluation Process	3.1.2
Recommendation 2.6 Reporting on Principle 2	1.2, 2.2, 3.1.2 and the Directors' Report
Recommendation 3.1 Code of Conduct	5
Recommendation 3.2 Diversity Policy	6
Recommendation 3.3 Measurable objectives for gender diversity	6
Recommendation 3.4 Proportion of women employees	6
Recommendation 3.5 Reporting on Principle 3	5 and 6
Recommendation 4.1 Establishment of Audit Committee	2.1
Recommendation 4.2 Structure of Audit Committee	2.1.2
Recommendation 4.3 Audit Committee Charter	2.1
Recommendation 4.4 Reporting on Principle 4	2.1
Recommendation 5.1 Policy for Compliance with Continuous Disclosure	7.1
Recommendation 5.2 Reporting on Principle 5	7.1
Recommendation 6.1 Communications Strategy	7.2
Recommendation 6.2 Reporting on Principle 6	7.2
Recommendation 7.1 Policies on Risk Oversight and Management	4.1
Recommendation 7.2 Risk Management Reporting	4.1
Recommendation 7.3 Attestations by CEO and CFO	2.1.3
Recommendation 7.4 Reporting on Principle 7	4.1 and 2.1.3
Recommendation 8.1 Establishment of Remuneration Committee	2.2
Recommendation 8.2 Structure of Remuneration Committee	2.2.2
Recommendation 8.3 Executive and non-Executive Director Remuneration	3.1.1
Recommendation 8.4 Reporting on Principle 8	2.2 and 3.1.1

CORPORATE GOVERNANCE STATEMENT

1. Board of Directors

1.1 Role of the Board

The Board is responsible to shareholders for the overall Corporate Governance of the Group including its strategic direction, establishing goals for management and monitoring the achievement of those goals in a way which ensures that the interest of shareholders and stakeholders are promoted and protected. The Board operates in accordance with the broad principles set out in its charter which is available in the corporate governance information section of the Company's website at www.whitestarresources.com.au.

1.2 Composition of the Board

The composition of the Board is determined in accordance with the following principles and guidelines:

- the Board should consist of a majority of independent non-executive directors;
- the chairperson must be an independent, non-executive director;
- the Board should comprise directors with an appropriate range of qualifications and expertise; and

An Independent Director is a Non-Executive Director and:

- is not a substantial shareholder of the Group or an officer of, or otherwise associated directly with, a substantial shareholder of the Group;
- has not been employed in an executive capacity by the Group or another group member since incorporation;
- within the last three years has not been a principal of a material professional adviser or a material consultant to the Group or another group member, or an employee materially associated with the service provided;
- is not a material supplier or customer of the Group or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has no material contractual relationship with the Group or other group member other than as a Director of the Group.
- their role is to advise the Group on matters pertaining to their expertise and provide governance in the best interests of the Group. Independent Directors do not participate in day to day operations or management of the Group and its affairs.
- are remunerated based on a set scale relating to the risks undertaken within their roles as Non-Executive Directors. Additional work engagements may be undertaken by independent Directors at commercial rates, however the Group and the Independent Director must ensure that materiality thresholds are not breached.

The names of the Directors, their qualifications and experience, and whether or not they are independent, are stated in the Directors' Report along with the term of office held by each of the Directors. Directors are appointed based on the specific skills required by the Group and on their decision-making and judgment skills.

For the majority of the period, the Board consisted of a majority of Independent Directors. On 21 June 2012, Mr W S Turner resigned from the position of Director and Chairman and Mr R Klug was appointed a Director. Mr Klug does not meet the above criteria for Independent Director as he is an officer of Sandfire Resources NL, a substantial shareholder. As at the date of this report, there is no Chairman with the Company actively pursuing recruitment of an appropriate Chairman.

CORPORATE GOVERNANCE STATEMENT

1.3 Responsibilities of the Board

The responsibility for the operation and administration of the Group is delegated by the Board to the Managing Director and the executive team.

Specifically, the Board is responsible for:

- Ensuring that the Board maintains an appropriate range of qualifications and expertise.
- Ensuring that the executive team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the Managing Director and executive team;
- Appointing and removing the managing director/CEO and overseeing succession plans for the senior executive team;
- Setting strategic direction of the Group and monitoring management's performance within that framework;
- Approving and monitoring the progress of business objectives;
- Ensuring there are adequate resources available to meet the Group's objectives;
- Identifying areas of significant business risk and ensuring that arrangements are in place to adequately manage those risks;
- Identifying the expectation of the shareholders, as well as other regulatory and ethical expectations and obligations;
- Approving and monitoring financial reporting and capital management; and
- Ensuring that the Group has appropriate corporate governance structures in place including standards of ethical behaviour and a culture of corporate and social responsibility;

Full details of the Board's role and responsibilities are contained in the Board Charter, a copy of which is available on the Company's website www.whitestarresources.com.au.

At all times, the Board collectively and each Director has the right to seek independent professional advice at the Group's expense to assist them to carry out their responsibilities.

2. Board Committees

2.1 Audit Committee

2.1.1 Role

The primary function of the Committee is to assist the Board in fulfilling its oversight responsibilities, primarily through overseeing management's conduct of the Company's accounting and financial reporting process and systems of internal accounting and financial controls; selecting, retaining and monitoring the independence and performance of the Company's external auditor, including overseeing the audits of the Company's financial statements; approving any non-audit services; and providing an avenue of communication among the external auditor, management and the Board. The Board has adopted an Audit Committee Charter which sets out the roles and responsibilities, composition, structure and membership requirements. A copy of the Audit Committee Charter is available on the Group's website.

Due to the size and scale of the operation of the Group, the full Board assumes all responsibilities normally reserved for the Audit Committee, and as a result, the Group does not meet the independence requirements outlined in the Principles.

CORPORATE GOVERNANCE STATEMENT

2.1.2 Composition

Due to the size and scale of the operation of the Group, the full Board currently assumes all responsibilities normally reserved for the Audit Committee, and as a result, the Group does not meet the independence requirements outlined in the Principles.

2.1.3 Responsibilities

The Audit Committee, or as at the date of this report the full Board of the Group, is responsible for the review and consideration of the annual and half-yearly financial statements, the appointment. The Board also receives a written assurance from the Chief Executive Officer and Company Secretary that to the best of their knowledge and belief, the declaration provided by them 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 relation to financial reporting risks.

The Board notes that due to its nature, internal control assurance from the CEO and Company Secretary can only be reasonable rather than absolute. The Company does not have an internal audit function as the size of the business does not warrant one.

The Audit Committee, or as at the date of this report the full Board of the Group, is responsible for the assessment of the performance and independence of the external auditors, as well as the recommendation regarding appointment, resignation and compensation of the external auditor. The Board's has adopted a policy setting out criteria for the selection and appointment of an external auditor. A copy of this policy is available on the Group's website.

The Audit Committee or as at the date of this report the full Board of the Group is also responsible for establishing policies on risk oversight and management.

2.2 Nomination, Compensation and Corporate Governance Committee

2.2.1 Role

The Board recognises that corporate performance is enhanced when there is a Board and management with the appropriate competencies to enable it to discharge its mandate effectively.

The Board has adopted a Charter which sets of the roles and responsibilities, composition, structure and membership requirements of the Nomination, Compensation and Corporate Governance Committee Charter, a copy of which is available on the Group's website.

2.2.2 Composition

Due to the size and scale of the operation of the Group, the full Board assumes all responsibilities normally reserved for the Nomination, Compensation, and Corporate Governance Committee, and as a result, the Group does not meet the independence requirements outlined in the Principles.

2.2.3 Responsibilities

The primary functions of the Nomination, Compensation and Corporate Governance Committee, or as at the date of this report, the full Board of the Group, are to:

- Identify and evaluate the particular skills, experience and expertise that will best complement the Board's effectiveness;
- Review Board succession plans;
- Evaluate the Board's performance;
- Make recommendations for the appointment and removal of directors to the Board;
- Periodically review performance and succession planning for the Managing Director, senior executives and other key staff; and
- Review and make recommendations to the Board on executive compensation and incentive policies, compensation packages for senior management, and the compensation framework for directors.

CORPORATE GOVERNANCE STATEMENT

3. Remuneration and Performance

3.1 Board Remuneration and Performance

3.1.1 Non-Executive Director Remuneration Policy

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of the directors. Non-executive directors' fees and payments are determined within an aggregate directors' fee pool limit, which is periodically recommended by the Nomination and Compensation Committee for approval by shareholders. It is the discretion of the board to distribute this pool amongst the non-executive directors based on the responsibilities assumed. Directors do not receive any retirement benefits except for the statutory superannuation entitlements. Further details of the compensation of non-executive directors for the period ending 31 December 2012 is detailed in the Remuneration Report.

3.1.2 Performance Review/Evaluation

It is the policy of the Board to conduct regular evaluation of its performance against appropriate measures. The most recent evaluation process was undertaken during the year ended 30 June 2010. Whilst a full review of the Board performance was not deemed necessary during the period, the Board is continuously considering its composition in relation to the skills that are necessary to meet the Group's strategic objectives.

A performance evaluation of senior executives will be undertaken at either the anniversary of the appointment date of an executive director, or no later than 31 December 2012. No specific performance evaluation of senior executives has been completed during the current period as the majority of personnel only commenced during the current period. It is the Company's intention to conduct performance evaluations on senior executives annual to coincide with their anniversary of commencement or by 31 December.

3.1.3 Senior Executive Remuneration Policy

The Group is committed to remunerating its senior executives in a manner that is market-competitive and consistent with best practice as well as supporting the interests of shareholders. Consequently, under the Senior Executive Remuneration Policy the remuneration of senior executive may be comprised of the following:

- fixed salary that is determined from a review of the market and reflects core performance requirements and expectations;
- a performance bonus designed to reward actual achievement by the individual of performance objectives and for materially improved Group performance;
- participation in long term incentive plans delivered the participation in the Group's Employee Share Option Plan;
- statutory superannuation.

By remunerating senior executives through performance and long-term incentive plans in addition to their fixed remuneration the Group aims to align the interests of senior executives with those of shareholders and thereby increase shareholder value.

The Board may use its discretion with respect to the payment of bonuses, stock options and other incentive payments.

CORPORATE GOVERNANCE STATEMENT

4. Risk Management

4.1 Risk Management Policies

The Group's risk management strategy policy states that the Board as a whole is responsible for the oversight of the Group's risk management and control framework. The objectives of the Group's risk management strategy are to:

- identify risks to the Group,
- balance risk to reward,
- ensure regulatory compliance is achieved; and
- ensure senior management, the Board and investors understand the risk profile of the Group.

The Board monitors risk through various arrangements including:

- regular board meetings;
- share price monitoring;
- market monitoring; and
- regular review of financial position and operations.

The Group has established a risk register and assessment procedure which is tabled at each board meeting and any change in risk elements are identified and discussed.

In addition, the Board requires that each major transaction proposed to the Board for decision is accompanied by a risk assessment.

The Group's risk management strategy was formally reviewed by the Board on 24 August 2009 and was considered the Group's risk management strategy sound for addressing and managing risk. A copy of the strategy is available on the Group's website.

5. Code Of Conduct

The Board has developed a Code of Conduct which outlines the commitment of the Group to adding value to the communities in which White Star operates, to maintaining the Group's reputation for integrity, honesty and transparency and to ensuring that our employees and contracts comply with the letter and the spirit of the law and Company policies.

The Board monitors the Group's compliance with the Code of Conduct periodically. The Code of Conduct was reviewed by the Board on 9 August 2012 to ensure it reflects the standards of behaviour and practices necessary to maintain confidence in the Group's integrity.

The Board has adopted a formal protocol, the purpose of which is to set out the structures and procedures which have been put in place by the Board to ensure that the consideration of matters by the Board and any Board committees is undertaken free from any actual influence or appearance of influence from persons with conflicts of interest, and that the disclosure of the Company's confidential information is to be subject to appropriate corporate governance controls.

A copy of the Company's Code of Conduct is available on the Company's website.

6. Diversity

The Board is committed to workplace diversity, with a particular focus on supporting the representation of women at the senior level of the Company and on the Board. The Board has not however established a policy or measurable targets to support that commitment as the size of Company, currently 14 full and part time employees does not warrant such. Currently, one of two executives is female and notably there has been a female director since 2007.

CORPORATE GOVERNANCE STATEMENT

7. Board Policies

7.1 Continuous Disclosure

The Board has adopted a continuous disclosure policy to ensure that the Group complies with the disclosure requirements of the ASX Listing Rules and the Corporations Act 2001, which is available on the Group's website. The policy sets out procedures that:

- Ensures compliance with continuous disclosure requirements of the ASX Listing Rules, the Corporations Act 2001 and the procedures set down by the Board including review and verification of the accuracy of all public releases to the ASX of material consequence, prior to release to the market;
- Prevents selective or inadvertent disclosure and:
- Establishes guidelines for the review of all public relations materials including briefings and communications in general

The Board has designated the Group Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX.

7.2 Shareholder Communication

The Group respects the rights of its shareholders and to facilitate the effective exercise of those rights the Group is committed to:

- communicating effectively with shareholders through releases to the market via ASX, information mailed to shareholders and the general meetings of the Group;
- giving shareholders ready access to balanced and understandable information about the Group and corporate proposals;
- making it easy for shareholders to participate in general meetings of the Group; and
- requesting the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Group also makes available a telephone number and email address for shareholders to make enquiries of the Group and encourages shareholders to visit the Company's website for information.

The Company's policy for shareholder communication is available on the Company's website.

7.3 Trading in Company Shares

On 29 August 2012 the Board approved a revised Share Trading Policy, a copy of which is found on the website.

SCHEDULE OF MINERAL TENEMENTS AS AT 28 FEBRUARY 2013

WESTERN AUSTRALIA

Project	***Tenement***		***Interest held by White Star Resources Limited***
Hinklers Well North	E53/1449		100%

CHILE

Project	**Name**	**Type**	**Area**	**Date of granting**	**Contains underlying permits**
KRISTIA	KRISTIA 1	EXC	300	in process	NO
KRISTIA	KRISTIA 2	EXC	300	in process	NO
KRISTIA	KRISTIA 3	EXC	300	in process	NO
KRISTIA	KRISTIA 4	EXC	300	in process	NO
KRISTIA	KRISTIA 5	EXC	300	in process	NO
KRISTIA	KRISTIA 6	EXC	300	in process	NO
KRISTIA	KRISTIA 7	EXC	300	in process	NO
KRISTIA	KRISTIA 8	EXC	300	in process	NO
KRISTIA	KRISTIA 9	EXC	300	in process	NO
KRISTIA	KRISTIA 13	EXC	300	in process	NO
KRISTIA	KRISTIA 14	EXC	300	in process	NO
KRISTIA	KRISTIA 15	EXC	300	in process	NO
KRISTIA	KRISTIA 16	EXC	300	in process	NO
KRISTIA	KRISTIA 17	EXC	300	in process	NO
KRISTIA	KRISTIA 18	EXC	300	in process	NO
KRISTIA	KRISTIA 22	EXC	300	in process	NO
KRISTIA	KRISTIA 23	EXC	300	in process	NO
KRISTIA	KRISTIA 24	EXC	300	in process	NO
KRISTIA	KRISTIA 25	EXC	300	in process	NO
KRISTIA	KRISTIA 26	EXC	300	in process	NO
KRISTIA	KRISTIA 28	EXC	200	in process	NO
KRISTIA	KRISTIA 29	EXC	200	in process	NO
KRISTIA	KRISTIA 30	EXC	200	in process	NO
KRISTIA	KRISTIA 31	EXC	300	in process	NO
KRISTIA	KRISTIA 32	EXC	300	in process	NO
KRISTIA	KRISTIA 33	EXC	300	in process	NO
KRISTIA	KRISTIA 34	EXC	300	in process	NO
KRISTIA	KRISTIA 35	EXC	300	in process	NO
KRISTIA	KRISTIA 38	EXC	300	in process	NO
KRISTIA	KRISTIA 39	EXC	300	in process	NO
KRISTIA	KRISTIA 40	EXC	200	in process	NO
KRISTIA	KRISTIA 43	EXC	300	in process	NO
KRISTIA	KRISTIA 44	EXC	300	in process	NO
KRISTIA	KRISTIA 45	EXC	300	in process	NO
KRISTIA	KRISTIA 49	EXC	300	in process	NO
KRISTIA	KRISTIA 50	EXC	300	in process	NO
KRISTIA	KRISTIA 51	EXC	300	in process	NO
KRISTIA	KRISTIA 52	EXC	300	in process	NO
KRISTIA	KRISTIA 53	EXC	300	in process	NO
KRISTIA	KRISTIA 54	EXC	300	in process	NO
KRISTIA	KRISTIA 55	EXC	300	in process	NO

Project	Name	Type	Area	Date of granting	Contains underlying permits
KRISTIA	KRISTIA 56	EXC	200	in process	NO
KRISTIA	KRISTIA 57	EXC	300	in process	NO
AMIGO	AMIGO 1 A	EXC	300	30/03/2012	NO
AMIGO	AMIGO 2 A	EXC	300	27/04/2012	NO
AMIGO	AMIGO 6 A	EXC	300	8/02/2012	NO
AMIGO	AMIGO 7 A	EXC	300	30/03/2012	NO
AMIGO	AMIGO 8 A	EXC	300	30/12/2011	NO
AMIGO	AMIGO 9 A	EXC	200	9/02/2012	NO
AMIGO	AMIGO 1 1 AL 30	EPC	300	in process	NO
AMIGO	AMIGO 2 1 AL 30	EPC	300	in process	NO
AMIGO	AMIGO 6 1 AL 30	EPC	300	in process	NO
AMIGO	AMIGO 7 1 AL 30	EPC	263	in process	NO
AMIGO	AMIGO 8 1 AL 30	EPC	300	in process	NO
AMIGO	AMIGO 9 1 AL 20	EPC	200	in process	NO
CONDOR	CONDOR CINCO 1 AL 60	EPC	300	in process	SI
Cocodrilo	DUNDEE 1 AL 10	EPC	100	in process	NO
CONDOR	CONDOR 6	EXC	300	13/04/2012	NO
CONDOR	CONDOR 7	EXC	300	30/04/2012	NO
CONDOR	CONDOR CUATRO	EXC	300	14/09/2011	NO
CONDOR	CATHERINE	EXC	200	27/07/2012	NO
CONDOR	NICOLE	EXC	200	10/07/2012	NO
CONDOR	CONDOR 9	EXC	100	in process	NO
CONDOR	CONDOR 1 AL 60	EPC	257	in process	SI
CONDOR	CONDOR 2 1 AL 30	EPC	283	in process	SI
CONDOR	CONDOR NUEVE 1 AL 10	EPC	70	in process	NO
CONDOR	SAN PABLO UNO A TRES	EPC	15	4/09/1981	SI
HENRY	ORION 1	EXC	300	1/02/2012	NO
HENRY	ORION 2	EXC	300	1/02/2012	NO
HENRY	ORION 3	EXC	300	1/02/2012	si
HENRY	ORION 4	EXC	200	30-Nov-11	NO
HENRY	ORION 5	EXC	200	30-Nov-11	NO
HENRY	ORION 6	EXC	300	30-Nov-11	NO
HENRY	ORION 7	EXC	300	30-Nov-11	NO
HENRY	ORION 8	EXC	300	20/01/2012	NO
HENRY	ORION 9	EXC	300	20/01/2012	NO
HENRY	ORION 10	EXC	300	20/01/2012	si
HENRY	ANDROMEDA 1	EXC	100	in process	NO
HENRY	ANDROMEDA 2	EXC	200	in process	NO
HENRY	ANDROMEDA 3	EXC	200	in process	NO
HENRY	ANDROMEDA 4	EXC	200	in process	NO
HENRY	ANDROMEDA 5	EXC	200	in process	NO
HENRY	ANDROMEDA 6	EXC	200	in process	NO
HENRY	ANDROMEDA 7	EXC	200	in process	NO
HENRY	ANDROMEDA 8	EXC	200	in process	NO
HENRY	ORITO DOS A 1 AL 17	EPC	136	in process	NO
HENRY	ORITO DOS C 1	EPC	1	in process	NO
HENRY	ORITO DOS D 1	EPC	1	in process	NO

Project	Name	Type	Area	Date of granting	Contains underlying permits
HENRY	ORITO DOS E 1	EPC	1	in process	NO
HENRY	ORITO DOS G 1 AL 4	EPC	4	in process	NO
HENRY	ORITO TRES 1 AL 40	EPC	157	in process	NO
HENRY	ORITO TRES A 1	EPC	1	in process	NO
HENRY	ORITO UNO F 1	EPC	1	in process	NO
HENRY	DANIELA 1 AL 20	EPC	200	in process	NO
HENRY	DANIELA DOS 1 AL 20	EPC	200	in process	NO
HENRY	HENRY TRES 1 AL 60	EPC	300	in process	NO
HENRY	HENRY A 1 AL 2	EPC	8	in process	NO
HENRY	HENRY B 1 AL 2	EPC	10	in process	NO
HENRY	FILETE 1 AL 60	EPC	264	in process	SI
HENRY	HENRY UNO 1 AL 40	EPC	200	in process	SI
HENRY	HENRY DOS 1 AL 60	EPC	294	in process	SI
HENRY	ROSS 1 AL 40	EPC	200	in process	SI
HENRY	RAMON 1 AL 20	EPC	200	in process	NO
HENRY	ORITO UNO 1 AL 60	EPC	285	in process	NO
HENRY	ORITO DOS A 1 AL 13	EPC	44	in process	NO
HENRY	ORITO 7 1	EPC	1	in process	NO
HENRY	ORITO 8 1	EPC	1	in process	NO
NANY	NANY 1 1 AL 10	EPC	32	in process	NO
NANY	NANY 2 1 AL 13	EPC	56	in process	NO
NANY	NANY 3 1 AL 10	EPC	50	in process	NO
NANY	NANY 4 1 AL 12	EPC	38	in process	NO
NANY	DOMINO CERO 1 AL 5	EPC	15	in process	NO
NANY	NANY A 1 AL 3	EPC	3	in process	NO
NANY	NANY B 1 AL 5	EPC	15	in process	NO
NANY	NANY C 1 AL 5	EPC	15	in process	NO
NANY	NANY D 1 AL 5	EPC	15	in process	NO
NANY	NANY E 1 AL 5	EPC	15	in process	NO
NANY	NANY F 1 AL 9	EPC	90	in process	NO
NANY	NANY G 1	EPC	5	in process	NO
NANY	NANY H 1	EPC	5	in process	NO
NANY	NANY i 1	EPC	1	in process	NO
NANY	NANY 1 1 AL 12	EPC	48	19/10/1990	NO
NANY	VARAS 1 AL 10	EPC	100	31/05/2012	NO

* 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)