COVER SHEET

5 4 1 0 6

S.E.C. Registration Number

LODESTAR INVESTMENT HOLDINGS
CORPORATION

(Company's Full Name)

7th Flr. Peaksun Bldg., Princeton
St., Shaw Blvd., Mandaluyong City

(Business Address: No. Street City / Town / Province)

Contact Person	Company Telephone Number
Atty. Venus L. Gregorio	920-9306

Fiscal Year (Month)	Fiscal Year (Day)	Form Type	Annual Meeting (Month)	Annual Meeting (Day)
12	31	20-IS	05	

Secondary License Type, If Applicable:

Dept. Requiring this Doc.	Amended Articles Number/Section
CFD	

Total Amount of Borrowings

Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I. D.

Cashier

S T A M P S

Remarks = pls. use black ink for scanning purposes

LODESTAR INVESTMENT HOLDINGS CORPORATION
7th Floor Peak Sun Bldg., 1505 Princeton St.,
Shaw Blvd., Bgy Wackwack, Greenhills East, Mandaluyong City

5 November 2013

To all the Stockholders:

Notice is hereby given that the Annual Stockholders' Meeting of Lodestar Investment Holdings Corporation will be held on 4 December 2013 at **THE LOUNGE, MAKATI SPORTS CLUB, L.P. Leviste corner Gallardo Streets, Salcedo Village, Makati City** on **4 December 2013** at **3:30 p.m.** Agenda for the meeting is as follows:

AGENDA

1. Call to Order.

2. Certification of Notice and Quorum.

3. Reading and approval of the minutes of the Annual Meeting of the Stockholders held on 13 December 2012.

4. Adoption of the Audited Financial Statements for the calendar year ended 31 December 2012.

5. President's Report for the calendar year 2013.

6. Election of Directors.

7. Ratification of all acts of the Board of Directors and Management for the period covered from December 2012 to the date of this Annual Stockholders Meeting.

8. Appointment of Punongbayan and Araullo as the Company's External Auditor.

9. Approval of merger with Abacus Coal Exploration and Development Corporation.

10. Other Matters.

11. Adjournment.

Only stockholders of record at the close of business on 8 November 2013 are entitled to notice of and to vote at the Annual Stockholders' Meeting, or any adjournment thereof.

Stockholders and Proxies are requested to bring proper identification documents for purposes of registration.

Venus L. Gregorio
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
   [ ] Preliminary Information Statement
   [x] Definitive Information Statement

2. Name of Registrant as specified in its charter:
   LODESTAR INVESTMENT HOLDINGS CORPORATION

3. Province, country or other jurisdiction of incorporation or organization: **Philippines**

4. SEC Identification Number: **54106**

5. BIR Tax Identification Code: **200-751-430-000**

6. Address of principal office: **7th Floor Peak Sun Bldg., 1505 Princeton St., Shaw Blvd., Bgy Wackwack, Greenhills East, Mandaluyong City -**

7. Issuer's telephone number, including area code: **c/o (632) 705-7196**

8. Date, time and place of the meeting of security holders

   The Lounge
   Makati Sports Club
   L.P. Leviste St., Salcedo Village
   Makati City Metro Manila
   4 December 2013, **3:30 p.m.**

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **11 November 2013**

10. In case of proxy solicitations

    Name of Person Filing the Statement/Solicitor
    The Board of Directors of the Company

    Address and Telephone No.
    Lodestar Investment Holdings Corporation
    7th Floor Peak Sun Bldg., 1505 Princeton St.,
    Shaw Blvd., Bgy Wackwack, Greenhills East, Mandaluyong City –
    Telephone No. 705-7196

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common Shares	**740,000,000 (₱.10 par value)**

12. Are any or all of registrant's securities listed in a Stock Exchange?
Yes [/]   No [   ]

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:
Philippine Stock Exchange, Common Shares   640,000,000

PART I

INFORMATION REQUIRED IN INFORMATION STATEMENT

1. GENERAL INFORMATION

Item 1. Date, Time and Place of Meeting of Security Holders

The enclosed Proxy is solicited for the Annual Stockholders' Meeting of **LODESTAR INVESTMENT HOLDINGS CORPORATION** (the "***Company***"), or any adjournment thereof (the "***Annual Meeting***"), details of which are as follows:

(a)	Date	:	**4 December 2013**
	Time	:	**3:30 p.m.**
	Place	:	**The Lounge Makati Sports Club L.P. Leviste St. Salcedo Village, Makati, Metro Manila**
Complete Mailing Address of Company		:	**Lodestar Investment Holdings Corporation 7th Floor Peak Sun Bldg., 1505 Princeton St., Shaw Blvd., Bgy Wackwack, Greenhills East, Mandaluyong City -**

(b) Approximate Date on which copies of the Information Statement are first to be sent or given to security holders entitled to notice of and to vote at the Annual Meeting : **11 November 2013**

Item 2. Dissenters' Right of Appraisal

A stockholder may exercise his dissenter's right of appraisal in case of any amendment to the Articles of Incorporation of the Company that has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence, or in case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets, or in case of merger or consolidation.

To exercise the right of appraisal, a dissenting stockholder may demand payment of the fair value of his shares by voting against the proposed corporate action and making a written demand on the Company within thirty (30) days after the date on which the vote was taken; otherwise, the failure to make the demand within the said period shall be deemed a waiver of the appraisal right of the dissenting stockholder. Within ten (10) days after demanding payment of his shares, the dissenting stockholder shall submit to the Company the certificate(s) of stock representing his shares for notation thereon that the shares are dissenting shares; otherwise, his failure to do so shall, at the option of the Company, terminate his appraisal rights.

If the action giving rise to the right of appraisal is effected, the Company shall pay to such stockholder, upon surrender of the certificate(s) of stocks representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action. If within the period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the Company cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the Company, and the third, by the two (2) thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the Company within thirty (30) days after the award is made, provided that the Company has unrestricted retained earnings in its books to cover such payment and that upon payment by the Company of the agreed or awarded price, the stockholder shall immediately transfer his shares to the Company.

Any other right or action arising from the exercise of a dissenting stockholder of his appraisal rights shall be governed by and in accordance with Title X of the Corporation Code of the Philippines.

During the stockholders' meeting, Management will present the proposed merger with Abacus Coal Exploration and Development Corporation (ABACOAL) for approval of shareholders. This action will give rise to the exercise by a shareholder of his appraisal right as provided under Title X of the Corporation Code of the Philippines. Details of the merger are discussed under Item No. 12 of this Information Statement.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

(a) Substantial interest of directors / officers of the Registrant in any matter to be acted upon other than election to office

There are no matters in which substantial interest of directors or officers of the Corporation are to be acted upon other than election to office.

(b) No director has informed the Company in writing of any intention of opposing any action intended to be taken by the Company during the Annual Meeting.

2. <u>CONTROL AND COMPENSATION INFORMATION</u>

Item 4. Voting Securities and Principal Holders Thereof

(a) Class entitled to vote

As of 4 October 2013, there are Seven hundred forty million (740,000,000) shares of the Company's common stock outstanding. It is expected that on record date, 8 November 2013, the same number of shares will be outstanding and entitled to vote at the Annual Meeting.

(b) Record Date

The Record Date for the Annual Meeting is 8 November 2013. Thus, only stockholders of record at the close of business on 8 November 2013 are entitled to notice of and to vote at the Annual Meeting.

(c) Voting Rights

Action will be taken with respect to the election of directors to which persons solicited have cumulative voting rights. A stockholder may vote the shares outstanding in his name as of the date of record in the stock transfer books of the Company either in person or by proxy. At his option, a stockholder may cumulate said shares and give one candidate as many votes as the number of his shares multiplied by seven shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit. In all instances, the total number of votes shall not exceed seven times the number of shares owned by him. The seven nominees who receive the highest number of votes shall be declared elected.

(d) Security Ownership of Certain Record and Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners

The table below outlines the persons as of 4 October 2013 who are known to the Corporation to be directly or indirectly the record and / or beneficial owner of more than five (5%) of any class of the Corporation's voting securities:

Title / Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent of Class
Common	PCD Nominee Corporation G/F Tower One, Ayala Avenue, Makati City No relationship with Issuer	PCD Nominee Corporation is a wholly owned subsidiary of the Philippine Depository and Trust Corporation, Inc. (PDTC), is the registered owner of the shares in the books of the Registrant's stock transfer agent. The beneficial owner of such shares entitled to vote the same are PDTC's participants, who hold the shares either in their own behalf or on behalf of their clients. The following PDTC participants hold more than 5% of the Registrant's voting securities: 1. Abacus Securities Corporation - 101,644,900 – (13.74%) 2. Kings Power Securities, Inc. - 72,175,000 – (9.75%) 3. Tower Securities, Inc. – 40,383,000 (5.46%) The Registrant has no information on the persons authorized to vote the shares of the above-named PDTC participants. They will only be made known to the Registrant once the proxies and /or proper board resolutions on such authorizations are transmitted to the Company.	Filipino	590,306,930*	79.77%

Common	Renato L. Reyes 815 Torres St., Mandaluyong City Stockholder of Issuer	Renato L. Reyes	Filipino	85,407,500**	11.54%

**Excludes 13,407,500 shares beneficially owned by Mr. Reyes*
***Includes 13,407,500 shares already with PCD*
The clients of the PCD Nominee Corporation have the power to decide how their shares are to be voted.

(2) Security Ownership of Management

As of 4 October 2013, the shares owned by the directors and executive officers of the Company and the percentage of their shareholdings, are as follows:

Title of Securities	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership (D) direct/ (I) indirect	Citizenship	Percent of Class
Common	Antonio Victoriano F. Gregorio III Director / Chairman	10,000 (Direct)	Filipino	Nil
Common	Chi Ho Co Director / President	10,000 (Direct)	Filipino	Nil
Common	Leonardo S. Gayao	(1,000) Direct	Filipino	Nil
Common	Jose Francisco E. Miranda	(2,000) Direct	Filipino	Nil
Common	Manuel G. Acenas	(2,000) Direct	Canadian	Nil
Common	Felixes G. Latonero	10,000 (Direct)	Filipino	Nil
Common	Venus L. Gregorio Assistant Corporate Secretary / Corporate Information Officer	10,000 (Indirect – in the name of spouse, Antonio Victoriano F. Gregorio III already counted above)	Filipino	Nil
Aggregate for above named Officers And Directors		**35,000**	---	Nil

(3) Voting Trust of Five Percent (5%) or More

The Company is not aware of any voting trust or similar arrangements involving securities of the Company or of any person who holds more than five percent (5%) of a class of securities under a voting trust or similar arrangements.

(e) Change in Control

Management is not aware of any change in control or arrangement that may result in a change in control of the Registrant since the beginning of the calendar year.

Item 5. Directors and Executive Officers

During the Annual Stockholders Meeting, the following nominees shall be voted for election for the following positions for a term of one year until their successors are duly elected and qualified:

Name of Nominee	Position	Nationality
1. Chi Ho Co	Director	Filipino
2. Antonio V.F. Gregorio III	Director	Filipino
3. Jose Francisco E. Miranda	Director	Filipino
4. Leonardo S. Gayao	Director	Filipino
5. Manuel G. Acenas	Director	Canadian
6. Felixes G. Latonero	Independent Director	Filipino
7. Lam Kok Duen	Independent Director	Chinese

The Nomination Committee passed upon and approved the nomination of the above-named Nominees for Directors. The Nomination Committee is composed of Messrs. Antonio V.F. Gregorio III, Chi Ho Co and Felixes G. Latonero.

The Nomination Committee approved the nominations of Messrs. Felixes G. Latonero and Mr. Lam Kok Duen for the positions of Independent Directors. Mr. Latonero was nominated by Mr. Antonio V. F. Gregorio III while Mr. Lam Kok Duen was nominated by Mr. Jose Francisco Miranda. None of said nominating stockholders is related to any nominee for Independent Directors either by consanguinity or affinity.

Messrs. Latonero and Duen submitted their credentials to support their qualifications and establish absence of grounds for disqualification for the positions of Independent Directors, as provided for under the Securities Regulation Code, its implementing rules and regulations, pertinent SEC circulars and the Code on Corporate Governance.

The Company considered and adhered to the requirements of SRC Rule 38, as amended, on the nomination and election of Independent Directors. The nominees were screened and included in the final list of candidates for election to the Board of Directors. All nominees were found to possess all the qualifications and none of the disqualifications for election to the positions of regular and independent directors.

(1) Significant Employees

The Company maintains a skeletal force of technical and administrative personnel. For 2013, owing to the relatively small number of employees, the Company does not know yet of any such employee is expected to make significant contribution to the business, and thus has no significant employees to name and report.

(2) Family Relations

Atty. Antonio Victoriano F. Gregorio III and Atty. Venus L. Gregorio are spouses.

Other than the relationship disclosed above, the company is not aware of any other family relationships up to the fourth civil degree, either by consanguinity or affinity, among the directors and officers of the Company.

(a) Certain Relationships and Related Transactions

The Company obtains short-term and non interest-bearing advances from stockholders for working capital requirements.

In 2012, the Company grants non-interest bearing advances to a stockholder for working capital purposes. The advances to the stockholder are unsecured and are due and demandable anytime. These advances are generally settled in cash.

The movements in the balance of advances to a stockholder, shown as Advances to a Stockholder account in the 2012 statement of financial position are as follows:

Balance at beginning of year	Php
Additions	24,069,208
Collections	(19,924,436)
Balance at end of year	Php4,076,772

Collections include assumption of the stockholder of the Company's liabilities to certain third party totaling Php1,721,890.
As at December 31, 2012 based on management's assessment, the outstanding balance of the Company's advances to a stockholder is not impaired, hence, no impairment loss is recognized.

(b) Involvement in Certain Legal Proceedings

To the best of Issuer's knowledge, there is no event listed below that occurred during the past five (5) years up to latest date that are material to an evaluation of the ability or integrity of any director, any nominee for election as director, executive officer, underwriter or control person of the registrant:

- Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

- Any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign;

- Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and

- Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

(c) Disclosure of disagreements of Directors and Executive officers with the Registrant.

No director has resigned or declined to stand for re-election to the board of directors since the date of the last annual meeting of security holders because of disagreements with the Registrant on any matter relating to the Registrant's operations, policies or practices. No director has furnished the Registrant with a letter describing such disagreement and requesting that the matter be disclosed.

Item 6. Compensation of Directors and Executive Officers

No action is to be taken at the Annual Meeting with respect to any bonus, profit sharing or other compensation plan, contract or arrangement in which any director or executive officer of the Company will participate, and pension, or retirement plan in which any such person will participate, or the granting or extension to any such person of option/s, warrant/s or right/s to purchase any securities, other than warrants or rights issued to security holders as such, on a pro rata basis.

Only minimal per diems or allowances were paid to executive officers and directors of the Company for the preceding fiscal year. Details of such compensation, allowances, and per diems of executive officers, directors, and employees are discussed below.

(d) Directors' per diems

Directors receive a minimal per diem of ₱ 5,000.00 to ₱ 10,000.00 for attendance in Board meetings of the Corporation.

No other allowances and bonuses are given to Directors of the Corporation by reason of their position as director.

(b) Executive Compensation

The aggregate total compensation for the Chairman, the President and Directors of the Company is shown below:

Name	***Position***	***Year***	***Salary***	***Bonus***	***Per Diem***
Antonio V.F. Gregorio III[1]	Chairman	2013 2012 2011	- - -	- - -	22,222.22 27,777.77 5,000.00
Chi Ho Co[2]	President	2013 2012 2011	- - -	- - -	11,111.10 19,444.44 5,000.00
Jose Francisco E. Miranda[3]	VP for Operations / Treasurer	2013 2012 2011	971,160.00 971,160.00 971,160.00	- - -	11,111.10 5,555.55 -
Venus L. Gregorio[4]	Corporate Secretary / CIO	2013 2012 2011	- - -	- - -	22,222.22 25,000.00 5,000.00
All other officers and directors as a group		2013 2012 2011	- - -	- - -	27,777.75 38,888.87 20,000.00

The Chairman and the President did not receive or draw any salary, bonus, or other forms of Compensation from the Corporation except minimal per diems similarly received by the other Directors amounting to ₱ 5,000.00 to ₱ 10,000.00 per meeting.

[1] Atty. Antonio V.F. Gregorio III resigned as Corporate Secretary and was elected Chairman on 16 October 2012
[2] Mr. Chi Ho Co resigned as Treasurer and was elected President on 16 October 2012
[3] Mr. Jose Francisco E. Miranda was appointed as Treasurer last 12 November 2012
[4] Atty. Venus L. Gregorio resigned as Assistant Corporate Secretary and was elected Corporate Secretary on 16 October 2012

Item 7. Independent Public Accountant

The Company retained Punongbayan and Araullo, the External Auditors who audited the Company's financial statements for the fiscal years ended 31 December 2012 and 2011. There were no disagreements with Accountants on accounting and financial disclosure. Punongbayan and Araullo will be recommended for re-appointment at the Annual Meeting. Representatives of the said firm are expected to be present at the Annual Meeting and they will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions. The Company is compliant with SRC Rules 68, (3) (b) (iv) on rotation of external auditors.

Item 8. Compensation Plans

There will be no cash or non-cash compensation plans, or adjustments or amendments in stock warrants or options that will be taken up during the Annual Meeting.

3. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other than for Exchange

There are no matters relating to the authorization or issuance of securities other than for exchange to be submitted for approval by shareholders during the Annual Stockholders' Meeting.

a. Financial and other Information

1. The Audited Financial Statements as of 31 December 2012, Annual Report, and Unaudited Financial Statements 1st and 2nd quarters of 2013 are hereto attached as Annexes "A", "B" "C" and "D".
2. The Management Report and Plans of Operation are discussed in a latter section.
3. There are no changes in and disagreements with accountants on accounting and financial disclosure; and
4. Representatives of the principal accountants for the current year and for the most recently completed fiscal year:
   (i) are expected to be present at the security holders' meeting;
   (ii) will have the opportunity to make a statement if they desire to do so; and
   (iii) are expected to be available to respond to appropriate questions

Item 4. Modification or Exchange of Securities

There are no matters to be proposed to Shareholders under Modification or Exchange of Securities.

Item 11. Financial and Other Information

A. Stockholders are furnished the following information and documents:

- The Audited Financial Statements of the Company for the fiscal year 2012 is attached to this Information Statement as Annex "A" and incorporated herein by reference as part of the Financial Report of Management for the fiscal year 2012.

- During the Company's two (2) most recent fiscal years or any subsequent interim periods, the Company had no material disagreements with its external auditor, Punongbayan & Araullo, on accounting and financial disclosures.

- Representatives of Punongbayan & Araullo are expected to be present at the Annual Meeting and will have opportunity to make a statement, if they desire to do so, and are expected to be available to respond to appropriate questions.

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

1. Facts, background details and other relevant information on the Merger

Stockholders' approval will be sought for the Merger of Abacus Coal Exploration and Development Corporation ('ABACOAL') into Lodestar.

By way of background, on September 24, 2008, the Company entered into a Heads of Agreement with Music Semiconductors Corporation ("MSC") and Abacus Consolidated Resources Holdings, Inc. ("ACRHI") for the joint acquisition by the Company and MSC of all issued and outstanding shares of stock of ABACOAL, a subsidiary of ACRHI. ABACOAL is a company engaged in the commercial exploration and development of coal and is the Assignee (whereby ACRHI is the Assignor) of a Coal Operating Contract over a 7,000-hectare property located in Tago and Marihatag, Surigao del Sur ("Coal Project"). Due diligence over the coal property has been undertaken for purposes of verifying the reserves and studying the financial viability of the Coal Project.

The Company and MSC have likewise entered into an Agreement for Joint Investment whereby the investment parameters for such investment in ABACOAL were set forth. The Joint Investment Agreement was amended on 21 May 2009 resulting in the assignment by MSC of all its rights and interests in ABACOAL in favor of the Company.

On November 3, 2010, ABACOAL and the Company further revised the terms of the Heads of Agreement. In the revised agreement, the Company shall acquire the Coal Property and all the other assets and liabilities of ABACOAL by and through a merger, with the Company as the surviving entity. By virtue of said merger, the Company shall issue 250,000,000 new common shares at a par value of ₱ 0.10 and an agreed issue value of ₱ 0.90 to ABACOAL. The Company undertakes to list the said shares with the PSE. These terms and conditions shall be incorporated in a Merger Agreement and Plan of Merger which ABACOAL and the Company agree to execute at the proper time. As part of the agreement, the Company shall make staggered cash payments to ABACOAL which shall be deemed as constituting a participation in operating revenues from the Coal Property in the total amount of ₱ 75.0 million.

On 16 October 2012, the Board of Directors of Lodestar authorized the Chairman to sign and execute a Plan of Merger with ABACOAL. Draft copies of the Plan of Merger and Articles of Merger were presented to the Board, a copy of which are hereto attached as Annexes "E" and "F" respectively. The following are the main obligations of the Parties under the Plan of Merger:

a. ABACOAL shall convey, assign and transfer to LODESTAR all their assets and liabilities existing as of the execution of the Merger and such assets and liabilities that may exist, now or in the future, and until the Effective Date of Merger.

b. Up until the Effective Date of Merger and in addition to the aforementioned liabilities of ABACOAL as stated in their Audited FS as of 31 December 2012, LODESTAR shall assume any and all liabilities of ABACOAL, if any.

c. LODESTAR shall issue Three Hundred Million Three Hundred Thirty Three Thousand Three Hundred Thirty Four (333,333,333) LODESTAR shares valued at Ninety Centavos (₱.90) per share or a total value of Three Hundred Million Pesos (₱300,000,000.00) in favor of ACRHI, the owner of the entire issued and outstanding capital stock of ABACOAL.

2. General nature of the businesses of the Companies.

Lodestar Investment holdings Corporation was incorporated on January 3, 1974 as Lodestar Mining Corporation primarily as a mining and natural resources exploration company. The Company was engaged in the development of several gold and chromite mining claims in Masbate, Cebu, Negros Occidental and Palawan. In October 2003, the name and primary purpose of the Company were changed to reflect a change from a mining company to an investment holding company, among others. Additional information in LODESTAR is attached as Annex “G”.

Abacus Coal Exploration and Development Corporation is a domestic corporation that is a wholly owned subsidiary of ARCHI. Its primary purpose is to engage in the exploration, exploitation, operation, production and development of coal and its derivatives of coal in the Philippines, and to locate, search for, purchase, lease or otherwise acquire coal mining rights or claims, grounds or lodes, and concessions anywhere in the Philippines and operate said properties by maintaining, conducting, and carrying on the business of mining, extracting, concentrating, converting, smelting, treating, processing, and otherwise producing and dealing in coal substances and minerals of all kinds; and generally to market, distribute, exchange, sell, dispose of, export, trade, and deal in any and all coal mineral products and by-products which may be derived, produced, prepared, developed, compounded, made or manufactured there from. Additional information on ABACOAL is hereto attached as Annex “H”.

3. Material features of the proposed transaction.

Under the proposed Merger, ABACOAL shall be merged with and into LODESTAR. Accordingly, upon the approval of the Articles of Merger and issuance of the corresponding Certificate of Filing of the Articles of Merger by the Securities and Exchange Commission (“SEC”), ABACOAL shall cease to exist by operation of law. The effectivity of the Plan of Merger and Articles of Merger among LODESTAR and ABACOAL shall be subject to the due approval of the SEC of the filing of the Plan of Merger and Articles of Merger of the Constituent Corporations.

Subject to the fulfillment of the conditions set forth in and the final approval of the Plan of Merger by the SEC, ABACOAL shall convey, assign and transfer to LODESTAR all their assets and liabilities existing as of 31 December 2012 and such assets and liabilities that may exist, in the future, and until the Effective Date of Merger. Up until the Effective Date of Merger and in addition to the aforementioned liabilities of ABACOAL as stated in their Audited FS as of 31 December 2012, LODESTAR shall assume any and all liabilities of ABACOAL, if any. LODESTAR shall issue Three Hundred Thirty Three Million Three Hundred Thirty Three Thousand Three Hundred Thirty Three (333,333,333) LODESTAR shares valued at Ninety Centavos (₱.90) per share or a total value of Three Hundred Million

Pesos (₱300,000,000.00) in favor of Abacus Consolidated Resources & Holdings, Inc. (ACRHI), the owner of the entire issued and outstanding capital stock of ABACOAL.

4. Reasons for engaging in the Merger

The Plan of Merger provides that "subject to the provisions of Section 40(c)(2) of the National Internal Revenue Code, any and all taxes or charges which the National Government or any of its agencies may impose, by virtue of and by reason of the merger of ABACOAL with LODESTAR shall be for the account of LODESTAR." Considering that a Merger is the most tax efficient manner of the proposed asset acquisition, Parties have agreed that the sale and purchase shall be undertaken via a Merger. LODESTAR and ABACOAL shall jointly file and secure from the Bureau of Internal Revenue (BIR) a certification that the aforementioned merger is a tax-free merger, pursuant to Section 40(c)(2) of the National Internal Revenue Code (NIRC).

5. Material difference(s) in the rights of security holders of the registrant as a result of the Merger

The share issuances which will be made upon approval of the Merger may have some dilutive effects on current and existing shareholders but this is greatly outweighed by the benefits of the acquisition or transfer of the Coal Mining Right to the Company. There are no preferences afforded to the shares covered by the Merger as they enjoy the same dividend, pre-emptive and voting rights as all other shares of the Company.

(D) Accounting treatment of the transaction.

In the proposed merger, Lodestar will acquire all the assets and liabilities of ABACOAL in exchange for Three hundred thirty three million three hundred thirty three thousand three hundred thirty three (333,333,333) LODESTAR shares at an agreed issue value of Ninety Centavos (₱ 0.90) per share.

The appraised value of the COAL PROPERTY which shall be subject to valuation and approval of values by the External Auditor will be presented as Mining Rights Assets while the deferred exploration costs will be presented as expense. Any negative goodwill resulting from the appraisal will be presented as income and will form part of retained earnings.

All cash / moneys received by ACRHI under the Heads of Agreement shall be booked as advances by a related party to be paid on a date to be approved by both Parties. There are no more cash considerations to be received by ACRHI from Lodestar under the transaction.

(4) Information on Dividends In Arrears

There are no dividends declared or dividends in arrears. There are no defaults in principal or interest with any security of Lodestar or ABACOAL. As such, in respect of such matters and the Merger, no effect is expected to arise from the Merger.

(5) Income and Other Information

The following table presents the income and other information on both Lodestar and ABACOAL:

	LODESTAR		ABACOAL	
	2012	2011	2012	2011
Net Sales / Operating Revenues	Php0.00	Php0.00	Php0.00	Php0.00
Net Income (Loss)	(Php20,040,221.00)	(₱ 4,217,437.00)	(₱ 90,815.00)	(₱ 70,913.00)
Long term Debt	Php0.00	Php0.00	Php0.00	Php0.00
Redeemable Preferred Stock	NA	NA	NA	NA

(6) Book Value and Dividends Information

	LODESTAR		ABACOAL	
	2012	2011	2012	2011
Book Value per share	₱ 0.065	₱ 0.080	₱ 0.010	₱ 0.010
Cash Dividends declared per share	None	None	None	None
Net Income (Loss) per share	₱ 0.027	₱ 0.006	nil	nil

(7) Regulatory requirements

The Merger is subject to the approval of the Securities and Exchange Commission. Documentary requirements will be prepared for filing with the SEC immediately after approval of the Plan of Merger. A BIR ruling will also be secured to make applicable the tax benefits and exemption privilege on the Merger pursuant to Section 40(c)(2) of the NIRC.

(8) Relevant report, opinion or appraisal materially relating to the Merger from an outside party

The valuation of the assets and liabilities of ABACOAL to be utilized in the proposed merger is based on the audited financial statements of ABACOAL as of December 31, 2012 (with pertinent comparative data for previous fiscal years). The said financial statements have been audited and certified by Valdes, Abad & Associates, independent accountant duly accredited with the Securities and Exchange Commission. The procedures followed, the findings and recommendations, the bases for and methods of arriving at such findings and recommendations, the instructions received from ABACOAL, and limitations imposed by ABACOAL on the scope of the investigation are stated in the report of the aforesaid independent accountant.

(9) Relationship between LODESTAR, ABACOAL AND ACRHI other than the Merger

There has been no past, present or proposed material contract, arrangement, understanding, relationship, negotiation or transaction during the past two fiscal years, other than the merger, between Lodestar, ABACOAL AND ACRHI, their respective affiliates such as those concerning a merger, consolidation or acquisition; a tender offer or other acquisition of securities; an election of directors; or a sale or other transfer of a material amount of assets.

(10) Market Prices on an Exchange

The shares of stock of Lodestar are traded in the Philippine Stock Exchange while the shares of stock of ABACOAL are not.

The table below summarizes performance of the stock of the Corporation in the market for each quarter prior to the date of the signed Revised Heads of Agreement.

2010	High	Low
1st Quarter	₱0.70	₱0.67
2nd Quarter	0.76	0.74
3rd Quarter	0.62	0.59
4th Quarter	0.81	0.71

On 2 November 2010, the stock of the Company opened at ₱0.58 per share, had high of ₱0.60 per share and a low of ₱0.58 per share. The stock closed at ₱0.60 per share with a volume of 232,000 shares traded in the market.

Item 13. Acquisition or Disposition of Property

No action is to be taken with respect to the acquisition or disposition of any property other than those incidental to the Merger as discussed under Item No. 12.

Item 14. Restatement of Accounts

No action is to be taken with respect to the restatement of any asset, capital, or surplus account of the Registrant.

4. <u>OTHER MATTERS</u>

Item 15. Action with Respect to Reports

The following reports will be submitted for approval by the Stockholders:

1. The Minutes of the Annual Stockholders' Meeting held on 13 December 2012.
2. Audited Financial Statements for the year ended 31 December 2012.
3. Annual report for the year 2012.

Item 16. Matters Not Required to be Submitted

There is no action to be taken at the Annual Meeting with respect to any matter which is not required to be submitted to a vote of security holders.

Item 17. Amendment of Charter, Bylaws or Other Documents

The share issuance in favor of ACRHI under the Merger shall be undertaken via an increase in the authorized capital stock of Lodestar. Prior corporate approvals, both from the Board of Directors and the shareholders have been previously secured in December 2009, subject only to confirmation by shareholders during the meeting.

Item 18. Other Proposed Actions

Stockholders approval and / or ratification is sought with respect to the following results of meeting, actions and reports of the Board of Directors and Management for the period December 2012 to the date of the 2013 Stockholders' Meeting:

Date	Results of Meeting, Action and Report
13 December 2012	• Results of the Annual Stockholders' Meeting, consisting of the

	following matters: o Approval of the minutes of the Annual Stockholders'meeting held on 22 December 2010 o Notation of the annual report of the President o Adoption of the Audited Financial Statement for the year ended 31 December 2011 o Ratification of all acts of the Board of Directors and Management for the period covered 17 December 2009 to 22 December 2010 o Appointment of Punongbayan and Araullo as External Auditor o Election of directors In the absence of the required quorum for approval, the Merger with Abacoal as well as the increase in the number of directors were not discussed during the meeting.
13 December 2012	• Results of the Organizational meeting of the Board of Directors consisting of the following matters: o Election of officers o Election of members to the various committees
8 May 2013	• Results of meeting of the Board of Directors o Postponement of the Annual Shareholders' Meeting
20 June 2013	• Results of the meeting of the Board of Directors consisting of the following matters: o Approval of the Manual on Corporate Governance o Creation of various committees o Calling of the annual meeting of the Company
12 August 2013	• Results of the meeting of the Board of Directors consisting of the following matters: o Resignation of Mr. Eduardo V. Manalac o Calling of an annual meeting for 2013 o Re-organization of various committee memberships o Approval for issuance of the 2nd quarter financial statements

Item 19. Voting Procedures

(a) Vote Required for Approval

In all items for which stockholders' approval is sought as described in this Information Statement, each share of stock entitles its registered holder to one (1) vote.

All other matters subject to vote, except in cases where the law provides otherwise, shall be decided by the majority vote of stockholders present in person or by his proxy, if there be such proxy, and entitled to vote thereat, provided that a quorum is present.

(b) Method by which votes will be counted

There is no manner of voting prescribed in the By-Laws of the Company. Hence, voting may be done by *viva voce*, show of hands or by balloting.

The Corporate Secretary will be responsible for counting votes based on the number of shares entitled to vote owned by stockholders who are present or represented by proxies at the Annual Meeting.

The Registrant undertakes to submit its 3rd Quarter Financial Statements to the Securities and Exchange Commission on or before 14 November 2013.

The Registrant will, without charge to any Shareholder entitled to notice and to vote, provide a copy of the Registrant's Annual Report on SEC Form 17-A, upon the written request of any such Shareholder to the Corporate Secretary, Lodestar Investment Holdings Corporation, 7th Floor Peak Sun Bldg., 1505 Princeton St., Shaw Blvd., Bgy Wackwack, Greenhills East, Mandaluyong City

PART II.

INFORMATION REQUIRED TO BE IN THE PROXY FORM

Item 1. Identification

This Proxy is solicited by the Board of Directors of the Company to be voted at the Annual Stockholders' Meeting. The Information Statement and this Proxy shall be sent through the mail or courier services to stockholders of record as of 8 November 2013 starting 11 November 2013. Duly executed Proxies may be returned either by mail, fax or by hand at the mailing address of the Company. Proxies must be received on or before 3 December 2013 at 3.30 p.m.

The cost of solicitation will be borne by the Company. In addition to solicitation of the Proxies by use of the mail, officers and employees of the Company, without extra compensation, may solicit Proxies personally or by telephone. No person has informed the Company in writing that he intends to oppose any action intended to be taken by the Company at the Annual Meeting.

Item 2. Instructions

All proxies must be accomplished in writing in the form hereto attached. Proxies must be duly signed by the stockholder and delivered or returned either by mail, fax or by hand to the Company c / o the Corporate Secretary at the following address:

7th Floor Peak Sun Bldg., 1505 Princeton St., Shaw Blvd., Bgy Wackwack, Greenhills East, Mandaluyong City

Proxies must be received for validation not later than 3 December 2013 at 3:30 p.m. Proxies sent by mail shall be considered only when *actually* received at the address stated above. Stockholders who mail their proxies have the burden of proof in establishing actual receipt of the proxies at the address above stated.

At their discretion, the Proxies are authorized to vote upon such matters as are set forth in the Agenda and such other matters as may properly come before the meeting.

Management is hereby authorized to use this proxy for subsequent stockholders' meetings within a period no longer than five (5) years from the date of this Proxy, unless the Proxy holder instructs otherwise.

Item 3. Revocability of Proxy

A stockholder returning a Proxy may revoke it any time prior to the voting at the Annual Stockholders' Meeting. A Proxy returned by a stockholder at least twenty four (24) hours before the Annual Meeting, which is not subsequently revoked, will be voted in accordance with the marked instructions indicated thereon.

A Proxy which revokes another Proxy shall not be allowed to vote unless it has passed the proxy validation process. The Proxy validation will be conducted by the Corporate Secretary and representatives from the stock transfer agent of the Company. All proxies submitted on or before the deadline will be checked and tallied. Proxy validation will be held at 7th Floor Peak

Sun Bldg., 1505 Princeton St., Shaw Blvd., Bgy Wackwack, Greenhills East, Mandaluyong City. *on 3 December 2013 at 3:30 p.m.*

Item 4. Persons making the Solicitation

This Proxy is solicited by the Board of Directors of the Company.

Item 5. Interest of Certain Persons in Matters to be Acted Upon

Other than the election into the Board, no director or executive officer, or associate of the foregoing persons, has any substantial interest in the matters to be acted upon by the stockholders at the Annual Meeting.

LODESTAR INVESTMENT HOLDINGS CORPORATION
7th Floor Peak Sun Bldg., 1505 Princeton St., Shaw Blvd.,
Bgy Wackwack, Greenhills East, Mandaluyong City

PROXY

KNOW ALL MEN BY THESE PRESENTS:

That I, the undersigned, a shareholder or the authorized representative of the shareholder of LODESTAR INVESTMENT HOLDINGS CORPORATION, a Philippine corporation listed in the Philippine Stock Exchange, do hereby nominate, constitute and appoint

____

or, in his absence the President or, in his absence, the Corporate Secretary of the Company, each of them with power of substitution, as my Attorney and Proxy to represent me and vote all shares registered in my name in the books of the Company or owned by me, at the Annual Meeting of Stockholders of the Company to be held on 4 December 2013 and any adjournment thereof, as fully to all intents and purposes as I might or could do if present and acting in person, hereby ratifying and confirming any and all matters which may properly come before any said meetings, or adjournment thereof.

I may revoke the Proxy at any time prior to the voting at the Annual Stockholders' Meeting. Should I fail to revoke this Proxy after returning to the Corporate Secretary at least twenty four (24) hours before the Annual Stockholders' Meeting, the same will be voted in accordance with the marked instructions indicated thereon. If no instructions are indicated on a returned and signed Proxy, the shares represented by the Proxy will be used to **Vote For Approval** of the matters indicted herein. This Proxy authorizes my attorney to act among other things on the following matters.

		Vote For Approval	Vote Against	Abstain
1.	Reading and approval of the Minutes of the Annual Meeting held on 13 December 2013			
2.	Adoption of Audited Financial Statements for the calendar year ended 31 December 2012			
3.	Notation of the President's Report for the calendar year.			
4.	Ratification of all acts of the Board of Directors and Management for the period covered from the last Annual Stockholders Meeting of the Corporation held on 13 December 2012 to the date of this Annual Stockholders Meeting.			
5.	Appointment of Punongbayan and Araullo as the Company's External Auditor			
6.	Approval of Merger with Abacus Coal Exploration and Development Corporation and corresponding amendments to the Articles of Incorporation of the Company.			
7.	Such other matters as may be properly be brought during the Annual Meeting			

8. Election of Directors	Vote For Approval	Vote Against	Abstain	Withhold Authority
▪ Antonio Victoriano F. Gregorio III				
▪ Chi Ho Co				
▪ Jose Francisco E. Miranda				
▪ Leonardo S. Gayao				
▪ Manuel G. Acenas				
▪ Felixes G. Latonero (Independent Director)				
▪ Lam Kok Duen				

Revocability of Proxy

A stockholder returning a Proxy may revoke it any time prior to the voting at the Annual Meeting. A Proxy returned by a stockholder at least twenty four (24) hours before the Annual Meeting, which is not subsequently revoked, will be voted in accordance with the marked instructions indicated thereon.

A Proxy which revokes another Proxy shall not be allowed to vote unless it has passed the proxy validation process. The Proxy validation will be conducted by the Corporate Secretary and representatives from the stock transfer agent of the Company. All proxies submitted on or before the deadline will be checked and tallied. The Proxy validation will be held at 7th Floor Peak Sun Bldg., 1505 Princeton St., Shaw Blvd., Bgy Wackwack, Greenhills East, Mandaluyong City *on 3 December 2013 at 3:30 p.m.*

Persons Making the Solicitation

This Proxy is solicited by the Board of Directors of the Company to be voted at the Annual Stockholders' Meeting. The Information Statement and this Proxy shall be sent through the mail or courier services to Stockholders of record as of *8 November 2013* starting 11 November 2013. Duly executed Proxies may be returned either by mail, fax or by hand at the mailing address of the Company. Proxies must be received on or before 3 December 2013 *at 3:30 p.m.*

The cost of solicitation will be borne by the Company. In addition to solicitation of the Proxies by use of the mail, officers and employees of the Company, without extra compensation, may solicit Proxies personally or by telephone. No person has informed the Company in writing that he intends to oppose an action intended to be taken by the Company at the Annual Meeting.

Interest of Certain Persons in Matters to be Acted Upon

Other than election to the Board of Directors, no director or executive officer, or associate of the foregoing persons, has any substantial interest in the matters to be acted upon by the stockholders at the Annual Meeting.

At their discretion, the Proxies are authorized to vote upon such matters as are set forth in the Agenda and such other matters as may properly come before the meeting.

☐ Management is hereby authorized to use this proxy for subsequent stockholders' meetings within a period no longer than five (5) years from the date of this Proxy, unless the Proxy holder instructs otherwise.

☐ This proxy is to be used only for the Annual Stockholders' Meeting on 4 December 2013.

This Proxy is solicited on behalf of the Board of Directors of Lodestar Investment Holdings Corporation.

Important: The Office of the Corporate Secretary of the Company must receive this Proxy not later than 3 December 2013 at 3:30 p.m.

____

Signature of Stockholder over Printed Name
Dated this _____ day of _____________, 2013

PART III.

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, we certify that the information set forth in this report is true, complete and correct.

This report is signed in Quezon City on 5 November 2013.

LODESTAR INVESTMENT HOLDINGS CORPORATION

By:

Chi Ho Co
President

Venus L. Gregorio
Corporate Secretary

Management Report

A. *Management Discussion and Analysis and Plan of Operation*

On April 12, 2011, the Department of Energy approved the conversion of Coal Operating Contract 148 to Development and Production phase. The proposed 5-year work program of Abacus Coal Exploration and Development Corporation (ABACOAL) was evaluated and found to be technically and financially qualified to undertake development and production of coal resources located at Tago, Surigao del Sur., subject to the following terms and conditions:

1. The COC for Exploration No. 148 is converted into COC for Development and Production effective 10 January 2010 for a period of ten (10) years, and should there be remaining mineable reserves, extendible for another ten (10) years and thereafter renewable for series of three (3) year periods not exceeding twelve (12) years under such terms and condition as may be agreed upon by the DOE and the Contractor.

2. The area subject of the COC for development and production shall cover seven (7) blocks.

3. Section IV, sub-paragraph 4.3 of COC for exploration shall be amended to provide for the development and production commitments.

4. The training component of the approved COC for development and production, shall be P 200,000.00 per year cumulative during the Development and Production Phase.

5. ABACOAL shall implement its, health, safety and environmental protection program as well as its emergency response program, as the need arises, as approved by the DOE.

Upon commencement of the operations of the Project and/or identification of other profitable Projects for the Company, the capital restructuring and fund raising activities approved by the Board of Directors and shareholders of the Company may be implemented.

By way of background, on September 24, 2008, the Company entered into a Heads of Agreement with Music Semiconductors Corporation (“MSC”) and Abacus Consolidated Resources Holdings, Inc. (“ACRHI”) for the joint acquisition by the Company and MSC of all issued and outstanding shares of stock of ABACOAL, a subsidiary of ACRHI. The Company and MSC have likewise entered into an Agreement for Joint Investment whereby the investment parameters for such investment in ABACOAL were set forth. Under the same agreement, MSC will own 55% of the issued and outstanding capital stock of ABACOAL while the Company will own 45% of ABACOAL.

ABACOAL is a company engaged in the commercial exploration and development of coal and is the Assignee (whereby ACRHI is the Assignor) of a Coal Operating Contract over a 7,000-hectare property located in Tago and Marihatag, Surigao del Sur (“Coal Project”). Due diligence over the coal property has been undertaken for purposes of verifying the reserves and studying the financial viability of the Coal Project, which per the appraisal conducted by Cuervo Appraisers, Inc., is valued at approximately P2.7 billion.

On May 21, 2008, the Board of Directors approved resolutions authorizing the Company to amend the Agreement for Joint Investment dated September 24, 2008 between the Company and MUSX Corporation (the new name of MSC). The subject amendment will result in the assignment to the Company of MUSX's 55% interest and participation in the Abacoal Investment subject to the payment of the following: (1) P12 million by way of reimbursement of expenses made by MUSX in the Abacoal Investment upon the signing of the amendment; (2) a second tranche of P10 million by way of reimbursement of the remainder of expenses and payments made by MUSX in the Abacoal Investment, payable on or before December 31, 2009 or on such later date as may be agreed upon by the parties, with the option to convert this payment to equivalent number of new shares to be issued by the Company to MUSX based on the closing price of the Company's shares on the date of the exercise by MUSX of the option; and (3) 0.25% of the gross coal price per ton based on FOB loaded to vessel, payable within five (5) days from receipt of payments by the Company therefore, as MUSX royalties in the Abacoal Investment during the first five years of operations. Advanced royalties may be agreed upon on a discounted basis depending on the initial operations of the Abacoal Investment.

Any and all receivables of MSC from the Company has been settled on 21 February 2011, with the execution between the Company and MSC of a document entitled Execution of Payment and Waiver. Simultaneously, the Company paid MSC the amount of P 10 million by way of full and final payment of any and all its obligations under the Amended Agreement. MSC likewise waived in full any and all possible collectible from the Company resulting from the various Agreements, including but not limited to the percentage shares of MSC in the sales / income of ABACOAL upon its operation.

On May 31, 2009, the Company executed a Memorandum of Agreement with Oriental Vision Mining Philippines Corp. to undertake exploration and development activities of the coal properties of Abacus Coal Exploration Development Corporation over which the Company has controlling stake. Oriental Vision shall pay the Company a royalty fee of Eight Percent (8%) of gross coal price per ton based on FOB loaded to vessel payable within 45 days from receipt of payment by Oriental Vision.

On Nov 6, 2009, the Board of Directors during its special meeting approved the following:

- Proposed reduction in the par value of the shares of stock of the Company from ₱1.00 to ₱0.10 per share, resulting in a stock split of ten shares for every one shares issued. A share buy-back program was also adopted, which will depend on the Company's retained earnings and the market price of the Company's shares under such terms and conditions to be determined and set by the BOD.

- Proposed increase in the authorized capital stock of the Company from ₱100.00 million divided into 100 million shares at ₱1.00 par value per share to ₱300.00 million divided into 3 billion shares at ₱0.10 par value per share.

- Delegation to the Board of Directors of the power and authority to identify and secure equity investments from subscribers, implement share swaps, and undertake share issuances at such subscription price(s) and under terms and conditions to be determined by the Board with a waiver of the requirement to conduct a rights or public offering of the shares

- Issuance of shares of stock from the proposed capital increase through preemptive stock rights offering. The preemptive stock rights offering shall be implemented on a 1:1 proportion, i.e. one share held by qualified stockholders entitled the said stockholders to subscribe to one share under the offering. The stock rights offer price shall be at par of ₱0.10, representing the reduced par value of the shares at the expected time of the stock rights offering, or at ₱1.00 if the stock rights offering happen at the time prior to the reduction in the par value of the shares.

The above resolutions were subsequently ratified in the shareholders meeting of the Corporation held in December 2009.

Also, during the meeting of the Board of Directors on November 6, 2009, the Company and two investors namely: Messrs. Renato L. Reyes and Ramon L. Abad, Jr. executed Investment and Subscription Agreements to effect share issuances via private placement transactions. This was pursuant to the September 14, 2009, Board of Directors approval for issuance of shares by way of private placements in favor of Renato L. Reyes and Ramon L. Abad, Jr. Under agreed terms, LIHC agreed to issue one hundred million (100,000,000)[1] LIHC shares out of the unissued and unsubscribed portion of its authorized capital stock at the price of Fifty and .05 Centavos (₱.505) per share per share or a total consideration of Fifty Million Five Hundred Thousand (₱50,500,000.00) for the following business purposes:

a) To enable the Company to pay its financial obligations to Abacus Consolidated Resources Holdings, Inc. (ACRHI) constituting partial consideration for the purchase of 100% of the shares of Abacus Coal Exploration Development Corporation (ABACOAL) as provided under the Heads of Agreement that the Corporation executed with ACRHI.

b) To allow the Company to expand its investments

c) To permit the Company to enter and finance new businesses

d) For working capital and costs of the private placements

Further, at the same meeting, the Board of Directors discussed the implementation of the Stock Rights Offering in a planned capital increase. The SRO will enable qualified shareholders to purchase shares at better prices or even at the par value of P0.10 while giving the company an opportunity to offer and distribute more shares from said capital increase.

On November 3, 2010, ABACOAL and the Company further revised the terms of the Heads of Agreement. In the revised agreement, the Company shall acquire the Coal Property and all the other assets and liabilities of ABACOAL by and through a merger, with the Company as the surviving entity. By virtue of said merger, the Company shall issue 250,000,000 new common shares at a par value of P0.10 and an agreed issue value of P0.90 to ABACOAL. The Company undertakes to list the said shares with the PSE. These terms and conditions shall be incorporated in a Merger Agreement and Plan of Merger which ABACOAL and the Company agree to execute at the proper time. As part of the agreement, the Company shall make staggered cash payments to ABACOAL which shall be deemed as constituting a participation in operating revenues from the Coal Property in the total amount of P75.0 million, payable as follows:

- ₱30.0 million advance deposit on ABACOAL's participation due on September 24, 2008, June 1, 2009 and June 8, 2009;

- Amounts to be paid upon and to be taken from the sale of the first production of coal products from the Coal Property:

  a. ₱20.0 million upon consummation of said first sale of coal products; and,
  b. P25.0 million payable thirty days from consummation of said first sale of coal products.

[1] This figure reflects the adjustments brought about by the reduction in the par value and stock split of Lodestar shares.

As of June 30, 2012, the merger between the Company and ABACOAL is not yet executed; however, the above agreements are still binding.

For the next two (2) quarters, Management expects that the acquisition and operation of the South Surigao Coal will still be its main business concern. Licensing and compliance with statutory requirements are primarily being undertaken. In the meantime, still in line with the primary purpose of the Company as a holdings corporation, business outlook for 2013 is geared towards expansion. Thus, the Company may again tap into various sources to look for opportunities in the mining sector. Specifics of such deals, if any, will be properly disclosed in accordance with the continuing disclosure requirements of the SEC and the PSE.

Financial Condition

The Company's Total Assets comprised of 21% of Current Assets and 79% Non-Current Assets. The Total Assets as of June 30, 2013 amounting to P46.97 million was 12.94% or P6.98 million lower than that of June 30, 2012, which amounted to P53.95 million. Total Assets in 2013 is comprised of P1.92 million Cash, P 4.08 million advances to a stockholder, P37.0 million deposit made to Abacus Consolidated Resources Holdings, Inc. (ACRHI) for the acquisition of 100% stake in Abacus Coal Exploration Development Corporation (Abacoal), input tax of P 2.8 million, advances to supplier and employees of P 1.12 million, advances to ACRHI of P 0.05 million and office equipment net of accumulated depreciation of P 0.001 million.

The Company's Total Liabilities were comprised of accounts payable and advances from third parties. The Total Liabilities decreased by P 3.76 million or 98.47% from P.3.82 million in June 2012 to P0.06 million in June 2013.

Stockholders' equity posted a 6.41% or P3.21 million decrease from P50.12 million in June 2012 to P46.91 million in June 2013. Revaluation reserve went down 100% or P 16.76 million due to disposal of shares listed at the Philippine Stock Exchange. Deficit increased from P73.83 million in June 2012 to P93.81 million in June 2013.

Key Performance Indicators

Considering the Company's pre-operational status, the key performance indicators of the Company are as follows:

	June 30, 2013	June 30, 2012
Current Ratio*1*	169.88x	4.43x
Quick Ratio*2*	32.82x	0.27x
Debt-equity ratio*3*	0.001x	0.08x
Book value per share*4*	0.06x	0.07x
Net Profit Margin*5*	NA	NA

(1) Current Assets / Current Liabilities
June 2013 (₱ 9,966,587/ ₱ 58,669)
June 2012 (₱ 16,925,825/ ₱ 3,823,877)

Cash / Current Liabilities
June 2013 (₱ 1,925,709/ ₱ 58,669)
June 2012 (₱ 1,035,594/ ₱ 3,823,877)

(2) Debt / Equity
June 2013 (₱58,669/ ₱46,909,243)
June 2012 (₱ 3,823,877/ ₱50,124,515)

(3) Equity /Subscribed Shares
June 2013 (₱46,909,243/740,000,000)
June 2012 (₱50,124,515/740,000,000)

The Current Ratio is the general measure of a company's liquidity. It represents the ratio of all current assets to all current liabilities. It is sometimes called the "Working Capital Ratio" because working capital is the excess of current assets over current liabilities. Current ratio is lower than the same period last year due to disposal of shares in the Philippines stock market.

The Quick Ratio is another measure of a company's liquidity. It is used to measure a company's ability to pay its liabilities using assets that are cash or very liquid. Since the Company does not have any marketable securities and accounts receivables, the computation of this ratio was based on cash alone. Quick ratio for the current period is extremely higher as compared to the same period of last year due to cash proceeds from sale of shares traded in the stock market.

The Debt to Equity Ratio is a measure of leverage, or the relative amount of funds provided by lenders and owners. This measures the amount of debt being used by the Company. The ratio for the current period is higher as compared to last year due to increase in advances from third parties to fund operating expenses.

Book value Per Share is a measure of stockholders' equity. It represents the difference between total assets and total liabilities divided by the total number of shares outstanding. Book value as of June 30, 2013 is lower as compared to the same period last year due to losses incurred from sale of shares traded in the stock market.

Net Profit Margin Ratio related the profits of a company to its sales, assets or equity. It indicates the rate of profit from sales and other revenues. The Company is still in a no-operation status. The reported revenues are purely interests earned from bank deposits.

B. ***Market Price, Shareholders and Dividend Information***

(1) Market Price Information

The shares of stock of Lodestar Investment Holdings Corporation are traded in the Philippine Stock Exchange.

The table below summarizes performance of the stock of the Corporation in the market for each quarter for the past two calendar years prior to the date of the 2013 Annual Stockholders' Meeting (based on closing prices of the shares with the PSE):

Period	High	Low	Weighted Average
1st Quarter 2011	0.89	0.68	0.75
2nd quarter 2011	0.94	0.69	0.83
3rd Quarter 2011	1.27	0.77	0.98
4th Quarter 2011	0.82	0.66	0.75
1st Quarter 2012	1.49	0.76	1.07
2nd Quarter 2012	1.28	1.02	1.14
3rd Quarter 2012	1.29	1.02	1.10
4th Quarter 2012	1.31	0.96	1.08
1st Quarter 2013	1.04	0.87	0.95
2nd Quarter 2013	0.93	0.61	0.81
3rd Quarter 2013	0.78	0.67	0.71

On 16 October 2013, the stock of the Corporation opened at ₱ 1.09 per share, had a high of ₱ 1.18 per share and a low of ₱ 1.08per share. The stock closed at ₱ 1.10 per share with a volume of 13,840,000 shares traded in the market.

(2) Shareholders Information

The top shareholders of the Corporation as of 4 October 2013 are as follows:

Shareholder	Nationality	Number of Shares	Percentage of Ownership
PCD Nominee Corporation	Filipino	590,306,930	79.77%*
Renato L. Reyes	Filipino	85,407,500	11.54%**

**Excludes 13,407,500 shares owned by Mr. Reyes*
***Includes 13,407,500 shares already with PCD*

No other shareholder as of said date owns more than five (5%) of the Corporation.

As of 4 October 2013, the Company's biggest shareholder is the PCD Nominee Corporation which holds 603,714,430 or 81.58% of the total issued and outstanding shares of the Company.

Please find below the top 20 stockholders of the Company, including beneficial ownership with the PCD Nominee Corporation, as of 4 October 2013.

	STOCKHOLDER	**NATIONALITY**	**TOTAL SHARES**	**PERCENTAGE OF OWNERSHIP**
1	ABACUS SECURITIES CORPORATION	FIL	101,644,900	13.74%
2	KINGS POWER SECURITIES, INC.	FIL	72,175,000	9.75%
3	RENATO L. REYES	FIL	72,000,000	9.73%
4	TOWER SECURITIES, INC.	FIL	40,383,000	5.46%
5	PCCI SECURITIES BROKERS CORP.	FIL	31,415,500	4.25%
6	MERIDGN SECURITIES, INC.	FIL	30,489,000	4.12%
7	RAMON L. ABAD JR.	FIL	28,000,000	3.78%
8	FIRST METRO SECURITIES BROKERAGE CORP	FIL	22,243,000	3.01%
9	NIEVES SECURITIES, INC.	FIL	20,098,000	2.72%
10	COL Financial Group, Inc.	FIL	17,118,000	2.31%
11	ACCORD CAPITAL EQUITIES CORPORATION	FIL	14,891,944	2.01%
12	GOLDSTAR SECURITIES, INC.	FIL	14,682,000	1.98%
13	SB EQUITIES,INC.	FIL	14,336,000	1.94%
14	WEALTH SECURITIES, INC.	FIL	13,709,000	1.85%
15	BELSON SECURITIES, INC.	FIL	12,386,000	1.67%
16	E. CHUA CHIACO SECURITIES, INC.	FIL	12,051,000	1.63%
17	EVERGREEN STOCK BROKERAGE & SEC., INC.	FIL	10,049,000	1.36%
18	PREMIUM SECURITIES, INC.	FIL	9,789,000	1.32%
19	SOLAR SECURITIES, INC.	FIL	9,618,000	1.30%
20	BPI SECURITIES CORPORATION	FIL	8,739,000	1.18%

(3) Dividend Information

There are no dividends yet declared by the Corporation. Thus, for the last two (2) fiscal years, no dividends, whether cash or property, were declared by the Company. There are no provisions in the Articles of Incorporation nor is there any policy, board action or approval that restricts or provides any restriction on, or limit the payment of dividend on common shares.

(4) Recent Sales of Unregistered or Exempt Securities Including recent Issuance of Securities Constituting an Exempt Transaction

There have been no sale of unregistered or exempt securities in the last two (2) years.

Compliance with Leading Practices on Corporate Governance

The Company observes and complies with the mandate of the SEC on matters involving corporate governance. In 2013, the Company implemented a comprehensive Manual on Corporate Governance allowing for the creation and mandating the functions, responsibilities and duties of the Executive Committee, Governance Committee and Risk Management Committee in addition to its standing committees namely the Nomination, Audit and Compensation Committees. Their powers, duties and responsibilities, as provided for in the By-laws as well as in the Manual on Corporate Governance, are compliant with and consistent with the policies formulated under SEC memorandum Circular No. 6 Series of 2009.

C. Financial Information

On April 12, 2011, the Department of Energy has issued its approval on the company's proposed 5-year work program relative to the application for conversion of Coal Operating Contract no. 148 located in Tago, Surigao del Sur from Exploration Phase to Development and Production Phase. The Company expects to complete development and commence production and operations of the ABACOAL project within the last quarter of Calendar Year 2012. To do so, the Company has undertaken several activities described below to prepare itself and pave the way for full project implementation.

The Board of Directors has initiated a series of capital raising activities to finance working capital requirements and general corporate purposes, and create or acquire projects or investments and initiatives for expansion. Contracted business interests in a Coal Property in Surigao del Sur, through the acquisition of ABACOAL, will be the first venture of the Company.

Thus, as disclosed and approved by the Stockholders during the 12 December 2008 Special Stockholders' Meeting, on September 24, 2008, the Company entered into a heads of Agreement with Musx Corporation and Abacus Consolidated and Holdings Corporation (ACRHI) for the joint acquisition by the Company and Musx of all issued and outstanding shares of stock of ABACOAL., a subsidiary of ACRHI. The Company and Musx have likewise entered into an Agreement for Joint Investment whereby the investment parameters for such investment in ABACOAL were set forth. Under the second agreement, MUSX will own 55% of the issued and outstanding capital stock of ABACOAL while the Company will own 45% of ABACOAL.

To address the Company's liquidity shortfalls and raise the needed fund for investment into ABACOAL, the Company increased its authorized capital stock from Fifty Million Pesos (₱50,000,000.00) divided into Fifty Million (50,000,000) shares to One Hundred Million Pesos (₱100,000,000.00) divided into One Hundred Million (100,000,000) shares, both with par value of One Peso (₱1.00) per share. The Company issued shares of stock to the Investors via private placements, which raised for the Company the total amount of Sixty Seven Million Three Hundred Thousand Pesos (P67,300,000.00) to finance business operations.

On May 21, 2009, the Company executed an Amendment to the Agreement for Joint Investment with Musx Corporation. The amendment primarily consists in the assignment to the Company of Musx's fifty five percent (55%) interest in ABACOAL. As a result, the Company acquired the right to purchase one hundred percent (100%) of the shares of stock of ABACOAL which necessitated a bigger capital expenditure on the part of the Company.

On May 31, 2009, the Company executed a Memorandum of Agreement with Oriental Vision Mining Philippines Corp. (Oriental) to undertake exploration and development activities of the coal properties of ABACOAL over which the Company has contracted ownership interest. Oriental has built a good reputation as a premiere mining operations company. Under the Agreement, Oriental shall develop and operate the Coal Property and pay the Company a royalty fee of Eight Percent (8%) of gross coal price per ton based on FOB loaded to vessel payable within 45 days from receipt of payment by Oriental. Oriental likewise paid the Company Twenty Five Million Pesos (₱25,000,000.00) upon signing of the MOA, as and by way of reimbursement of expenses incurred by the Company in the development of the ABACOAL Project.

The Board likewise discussed the implementation of the Stock Rights Offering in the next capital increase. The preemptive SRO shall be implemented on a 1:1 proportion i.e., one (1) share held by qualified stockholders entitles said stockholders to subscribe to one (1) share under the SRO. The SRO price shall be the par value of the shares at the time of offering under the SRO. The proceeds from the SRO is expected to generate for the Company additional funds to finance working capital requirements and new investment.

On November 3, 2010, the Board approved the revised Heads of Agreement with Abacus Consolidated Resources and Holdings, Inc. (ACRHI). The Company shall acquire the Coal Property and all the other assets and liabilities of ABACOAL and through a merger with the Company as the surviving corporation. By virtue of said merger, the Company shall issue two hundred fifty million (250,000,000) new common shares at a par value of Ten Centavos (₱0.10) and an agreed issue value of Ninety Centavos (₱0.90) to ACRHI. The Company undertakes to list the said 250,000,0000 new common shares with the PSE at the soonest possible time. These terms and conditions shall be incorporated in a Merger Agreement and Plan of Merger which the parties hereby agree to execute at the proper time.

As an indispensable component of this agreement, the Company shall make staggered cash payments to ACRHI which shall be deemed as constituting a participation in operating revenues from the coal property in the total amount of Seventy Five Million Pesos (₱ 75,000,000.00), in accordance with the following schedules:

Date or Period of Payment	Amount
September 23, 2008, June 1, 2009 and June 8, 2009 - Advance deposit on ACRHI's Participation	Thirty Million Pesos (₱ 30,000,000.00)
Amounts to be paid upon and to be taken from the sale of the first production of Coal Products from the Coal property	
Upon consummation of said first sale of Coal Products	Twenty Million Pesos (₱ 20,000,000.00)
Thirty (30) days from consummation of said 1st Sale of Coal Products	Twenty Five Million Pesos (₱ 25,000,000.00)

The Issuer shall be entitled to a period of grace of ten (10) days from the dates the payments fall due.

Business Plan:

As an investment holding company, the Company will continue to evaluate various business opportunities and ventures that are viable, growing, and profitable.

The Company's strategy will be to invest, buy-in or acquire businesses where the Company will at least own a significant stake or interest of the investee Company's outstanding capital. The said investment amount will allow the Company to recognize its proportionate share of the equitized earnings from its investee companies.

The Company's capital raising plans are intended to provide the Company investable funds and working capital for the above-mentioned current and prospective projects.

Financial Performance
In Thousand Pesos

Key Financial Indicator			
	Year 2012	Year 2011	Year 2010
Revenues	11,183	25,060	32,752
Cost and Expenses	4,327,074	4,242,497	10,883,500
Other Losses	15,724,330		
Net Income (Loss)	(20,040,222)	(4,217,437)	(10,850,748)
Current Assets	11,382,422	24,893,653	65,544,510
Current Liabilities	110,946	2,890,674	16,112,087
Total Assets	48,389,944	61,931,265	65,544,510
Total Liabilities	110,946	2,890,674	16,112,087
Stockholders' Equity	48,278,998	59,040,591	49,432,423
Current Ratio	102.59	8.61	4.07
Current Assets / Current Liabilities	11,382,422 / 110,946	24,893,653 / 2,890,674	65,544,510 / 16,112,087
Debt to Equity Ratio	0.00	0.05	0.33
Total Liabilities/Stockholders' Equity	110,946 /48,278,998	2,890,674 /59,040,591	16,112,087 /49,432,423
Return on assets	NA	NA	NA
Net Income / Total Assets			
Earnings (Loss) Per Share	(0.027)	(0.006)	(0.015)
Net Income (Loss) /No. of shares outstanding	(20,040,222)/ 740 M	(4,217,437)/ 740 M	(10,850,748)/ 740 M

Full Fiscal Years

Calendar Year 2012

For the year 2012, the Company reported interest income earned on bank accounts amounting to ₱11,183 was ₽13,877 or 55.38% lower than the interest recorded for the year 2011 of ₱ 25,060.

The ₱4.325 million operating expenses for 2012 was 2.06% or ₱ 0.087 million higher when compared to 2011. The increase was attributed to project costs incurred by the Company with regard to its investment with ABACOAL.

An increase of 114% or ₱1.817 in cash and cash equivalents from ₱1.589 million in 2011 to ₱3.406 million in 2012 was due to disposal of shares traded in the Philippine Stock Exchange.

Other current assets increased by ₱1.374 million due to net effect of the following:

1. Increase in input vat; and
2. deposit made to supplier amounting to ₱1.101 million on the exploration/ survey activities being conducted in the coal project.

An increase of ₱ 4.077 million or 100% in advances to a stockholder represent advances made by a key officer and stockholder.

Total liabilities of ₱ 0.111 million in 2012 is 96.16% or ₱ 2.780 million lower when compared to 2011 due to use of fund from deposit made by Oriental Vision Mining Philippines Corporation (ORVI) for the exploration and development activities of the coal properties of Abacoal and settlement of liabilities and liquidation of some long outstanding payables.

A net reduction of 18% or ₱10.762 million in equity is due to the following:

1. Disposal of traded shares during the year resulted to a loss amounting to ₱ 15.724 million and offset of negative revaluation of shares amounting to ₱ 9.279 million.
2. Operating expenses of ₱4.324 million incurred during the year also contributed to an increase in deficit.

There are no known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Company's liquidity increasing or decreasing in any material way.

There are no known events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligation), and other relationships of the Company with unconsolidated entities or other persons created during the year.

There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

There are no significant elements of income or loss that did not arise from the Company's continuing operations.

There are no seasonal aspects that had a material effect on the Company's financial condition or results of operations.

There are no material events and uncertainties known to management that would address the past and would have an impact on future operations of the Registrant.

Calendar Year 2011

Interest income earned on bank accounts for the year ended December 31, 2011 totaled ₱25,060, 23.48% lower than the interest recorded for the year 2010 of ₱ 32,752.

Total operating expenses for 2011 amounted to about ₱4.237 million, 61.04% or ₱6.639 million lower when compared to 2010. The decrease was attributed to lower management fees, legal and professional fees due to management's decision to trim down hiring of professionals in various fields beginning 2011.

Cash and cash equivalents amounted to ₱1.589 million in 2011 or an increase of ₱1.315 million when compared to 2010. The increase was due to collection of subscriptions receivable totaling ₱37.875 million and the fund was used to (a) exploration and development activities of the coal properties of Abacoal; (b) partial settlement of accounts payable and accrued expenses; (c) full payment of advances from stockholders and (d) acquisition of traded shares from open market of the PSE.

During the year, the Company has acquired a total of ₱ 7.733 million worth of traded shares from the open market of the PSE. However, the decrease in market price of the traded shares resulted to lower value by ₱ 24.049 million. This likewise resulted to a negative revaluation reserve in the equity account of ₱ 9.279 million in 2011 from positive ₱ 14.771 million in 2010.

Other current assets increased by ₱1.35 million due mainly to additional input value-added tax on management fees, legal fees, professional fees and PSE annual maintenance fees incurred in 2011.

The acquisition of one unit laptop in 2011 accounts for the increase in non-current asset.

Total liabilities of ₱ 2.891 million in 2011 is 82.06% or ₱ 13.221 million lower when compared to 2010 due to settlement of payables as discussed with cash and cash equivalents above and the use of fund from deposit made by Oriental Vision Mining Philippines Corporation (ORVI) for the exploration and development activities of the coal properties of Abacoal.

Collection of subscription receivable brought about by various capital raising activities to finance working capital requirements and general corporate purposes resulted to an increase in capital stock and additional paid-in capital by ₱ 37.875 million.

Calendar Year 2010

The Company did not earn any operational revenue since it did not have any commercial operations as of that year. Interest earned from bank accounts were reported as other income. For 2010, the Company earned ₱32,752 interest as compared to ₱30,645 in 2009.

Operating Expenses decreased primarily from ₱12.480 million in 2009 to ₱ 10.877 million in 2010 due to non recurrence of losses on sale of available-for-sale financial assets. This was offset by higher management and legal fees. This increase is due to the BOD's decision to hire employees and professionals in various fields.

The Company incurred a net loss after tax of ₱ 10.850 million primarily due to lower operating expenses incurred in 2010.

Total Assets amounted to ₱65.544 million and were all composed of current assets. Because of the decrease in market price of traded shares in the PSE, available –for-sale financial assets and revaluation reserve account in the equity section of the Balance Sheet decreased by ₱ 12.292 million

Corporate liabilities decreased by ₱11.118million or 40.83% from ₱27.230 million in 2009 to ₱ 16.112 million in 2010 due to (a) partial settlement of accounts payable and accrued expenses; (b) partial payment of advances from stockholders and (c) use of fund from deposit made by Oriental Vision Mining Philippines Corporation (ORVI) for the exploration and development activities of the coal properties of Abacoal.

Collection of subscription receivable brought about by various capital raising activities to finance working capital requirements and general corporate purposes resulted to an increase in capital stock and additional paid-in capital by ₱ 12.600 million.

Financial Statements

The Company's Annual Financial Statements for 2012 together with the notes thereto are attached together with the First and Second quarters of financial statements for 2013.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The Company retained Punongbayan & Araullo (P&A) as External Auditors who prepared the financial statements for the calendar year ended 31 December 2012, 2011 and 2010. There were no disagreements with Accountants on accounting and financial disclosure.

External Audit Fees and Services

The fees paid by the Company for professional services rendered by an external auditor for the last three (3) years are as follows:

	2012	2011	2010
Audit fees	₱ 205,000.00	₱198,000.00	₱220,000.00

The scope of services rendered by the external auditor was to audit the Company's financial statements. Mr. Romualdo V. Murcia III was the signing partner for the fiscal year ending 31 December 2012 and 2011 For 2013, Mr. Murcia will once again be the signing partner for Punongbayan & Araullo.

Audit Committee

The Audit Committee of the Company is composed of the following:

Member	Position
• Felixes G. Latonero	Chairman
• Chi Ho Co	Member
• Antonio V.F. Gregorio III	Member

As provided under the Audit Committee Charter, an Audit Committee was created to provide for the composition, powers and duties thereof. Among others, the Audit Committee is tasked to:

- Assist the Board of Directors in performing oversight responsibility for the financial reporting processes;
- Supervise management activities and responsibilities in maintaining a sound system of internal control;
- Monitor and evaluate the adequacy and effectiveness of the corporation's internal control system;
- Coordinate, monitor and facilitate compliance with laws, rules and regulations in financial reporting;
- Review reports and financial statements before their submission to the Board of Directors.

The Audit Committee shall be responsible for the preparation, review and approval and issuance of the Company's financial statements and reports. Among others, the Audit Committee shall:

a. Review and approve audit scope and frequency and the annual internal audit plan;

b. Provide oversight over the senior management's activities in managing credit, market liquidity, operational. Legal and other risks of the Company. The function shall include receiving from senior management periodic information on risk exposures and risk management activities.

c. Review the quarterly, half year and annual financial statements before submission to the Board, focusing particularly on any change/s in accounting policies and practices;

d. Determine and evaluate significant adjustment resulting from audit and going concern assumptions

e. Ensure compliance with accounting standards and compliance with tax, legal, and stock exchange requirements

f. Be responsible for coordinating, monitoring and facilitating compliance with existing laws, rules and regulations. It may also constitute a Compliance Unit for this purpose.

g. Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations;

h. Review and discuss with management and external auditor the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following:

- Any change/s in accounting policies and practices;
- Major judgmental areas;
- Significant adjustments resulting from the audit;
- Going concern assumptions;
- Compliance with accounting standards;
- Compliance with tax, legal and regulatory requirements;

i. Review other relevant reports or financial information submitted by the company to any governmental body or the public or financial report and relevant reports rendered by the external auditor.

j. Elevate to international standards the accounting and auditing processes, practices and methodologies of the Corporation; and

k. Check all financial reports against its compliance with pertinent accounting standards, including laws and regulatory requirements and review the management representation letter to the external auditor.

The Audit Committee shall have overall responsibility over the external audit of the Company from the selection process to the approval for issuance of financial statements for the statutory periods. Among others, the Audit Committee shall be responsible for the following:

a. Recommend to the board of directors the selection of the external auditors among qualified and reputable audit firms, considering independence, effectiveness and professionalism.

b. Review the external auditors' proposed audit scope and approach, including coordination of audit effort with internal audit.

c. Discuss with the external auditor before the audit commences the nature and scope of the audit and ensure coordination where more than one audit firm is involved;

d. Review the performance of the external auditors, and exercise final approval on the appointment or discharge of the auditors. In performing this review, the committee will:

   1) At least annually, obtain and review a report by the independent auditor describing: the firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or per review of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (to assess the auditor's independence) all relationships between the independent auditor and the company.

   2) Review and evaluate the lead partner of the independent auditor.

   3) Present its conclusions with respect to the external auditor to the Board.

e. Ensure the rotation of the lead audit partner every five years and other audit partners, and consider whether there should be regular rotation of the audit firm itself.

f. Periodically consult with the external auditors out of the presence of management about internal controls and fullness and accuracy of the company's financial statements.

g. On a regular basis, meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.

h. Receive and review reports of external auditors and regulatory agencies, where applicable and ensure that management is taking appropriate corrective actions, in timely manner in addressing control and compliance functions with regulatory agencies.

i. Pre-approve the engagement of the external auditor or other independent accountant to conduct any non-audit services to be performed during the year.

j. Evaluate and determine non-audit work by external auditor and keep under review the non-audit fees paid to external auditor both in relation to their significance to the auditor and in relation to the Company's total expenditure on consultancy. The non-audit work should be disclosed in the Annual Report

D. Management and Certain Security Holders

A. (1) Directors and Executive Officers

As of 4 October 2013, the Board of Directors and Executive Officers of the Company consist of the following individuals:

Name	Position	Nationality	Period Served (as Director)
▪ Antonio V.F. Gregorio III	Director / Chairman	Filipino	2009 to present

▪ Chi Ho Co	Director / President	Filipino	2008 to present
▪ Jose Francisco E. Miranda	Director / CFO / Treasurer	Filipino	2012 to present
▪ Manuel G. Acenas	Director	Canadian	2012 to present
▪ Leonardo S. Gayao	Director	Filipino	2011 to present
▪ Felixes G. Latonero	Independent Director	Filipino	2011 to present
▪ Venus L. Gregorio	Corporate Information Officer / Corporate Secretary	Filipino	n/a

A brief background and business experience, for the last five (5) years, of the above-named Directors and Officers are provided herein as follows:

ANTONIO VICTORIANO F. GREGORIO III, 40, Filipino, Director, Chairman.

Atty. Antonio Gregorio III graduated Second Honors, with a Juris Doctor from the Ateneo de Manila University in 1998 and passed the bar examinations of 1998. He also has a Bachelor of Science Major in Management Engineering and a Bachelor of Arts, Major in Economics-Honors, both from the Ateneo de Manila University, Magna Cum Laude. He was a valedictorian of his high school class in the Ateneo. Atty. Gregorio is a Partner at Gregorio Law Offices and sits as director and officer of various public and private companies, including Asiabest Group International Inc. (Chairman and President from 2011 to present and Corporate Secretary/ Director from 2008 to 2011), NiHAO Mineral Resources International, Inc., (President from 2011 and Chairman from 2012 to present) Dizon Copper-Silver Mines (Treasurer/Director from 2012 to present), Abacus Consolidated Resources and Holdings, Inc.,(Director, 2009 to present), GNA Resources International Limited (2011 to present), Cuervo Far East, Inc.(Corporate Secretary/Director, 2005 to present), Alta Minera, Inc., Breccia Resources, Inc., and Millionaire's Offices and Properties, Inc. (Chairman, 2011 to present), Beaver Q Corporation and Barnyard Realty Corporation (Corporate Secretary, 2002 to present), Big Herald Link International Corporation (Corporate Secretary/Treasurer/Director, 2004 to present), Tajima Yakiniku, Inc. (Director, 2005 to present), , 4A9T Scholarship foundation, Inc. (Corporate Secretary/Trustee from 1999 to present) and World Wide Manpower Overseas, Inc. (President/Director, 2007 to present). He was formerly the Corporate Secretary/Director of the following companies, Active Earnings, Inc. (2003 to 2011), Buddybuds, Inc. (2003 to 2011), Cangoc, Inc. (2002 to 2011), Carellan, Inc. (2003 to 2011), Cuisine Allurements, Inc. (2002 to 2011), Grand Pin Development Corporation (2004 to 2011), Hobbiton, Inc. (2003 to 2011), Pinecrest Realty Corporation (2003 to 2011); Treasurer/ Director of Carom, Inc. (2003 to 2011), Los Boldos, Inc. (2003 to 2011) and Onion and Chives, Inc. (2003 to 2011), Corporate Secretary of JMARR Realty, Inc. (2002 to 2011), PPARR Management and Holdings Corporation (2004 to 2010) , Cuervo Appraisers, Inc. (2007 to 2009) and RF Cuervo, Inc. (2003 to 2008); Asst. Corporate Secretary/Treasurer/Director of Weathertop, Inc. from 2004 to 2011 and Director of Musx Corporation from 2007to 2010 and Outsource Leverage Systems International, Inc. (Corporate Secretary/Director, 2004 to 2009) and Tanba Yakiniku, Inc. (Treasurer/Director, 2011).

CHI HO CO, 41, Filipino, Director and President.

Mr. Chi Ho Co is a businessman who currently serves as Director and Officer of various publicly listed and private companies including Asiabest Group International Inc. (2011 to present), Hightower, Inc. of which he is the President (2003 to present), Glomedic Philippines, Inc. (Chairman, 2004 to present), Banquets in Style, Inc.(Chairman, 2003 to present), Cavite Apparel Corporation (VP, 1998 to present), Subic Bay Apparel Corporation (VP, 1998 to present), Julia Realty & Development Corp. (Treasurer, 2006 to present), Edgeport Properties, Inc. (Treasurer/Secretary, 2006 to present), Fasttrack Realty & Development, Inc. (Chairman, 2004 to present) and CAC Motors Corp. (President, 2002 to present) among other companies.

LEONARDO S. GAYAO, 67, Filipino, Director.

Atty. Gayao is currently the Director/President of Philippine Regional Investment Development Corporation (1995 to present), President/Director of Abacus Consolidated Resources & Holdings, Inc. (2009 to present) and Director of Pacific Online Systems Corporation (2007 to present),President/Director of Blue Stock Development Farms, Inc. (2009 to present), Chairman of Omnincor Industrial Estate & Realty Center, Inc. (2009 to present), Director of Rural Bank of Batangas, Inc.(1997 to present), Director of Abacus Global Technovisions, Inc.(1993 to present), Director/Corporate Secretary Click Communications, Inc.(1997 to present) , Chairman of Batangan Plaza, Inc.(1996 to present) , and Director of Alpha Asia Hotels and Resorts, Inc.(1991 to present). He is formerly the President of Blue Stock Development Farms, Inc. He was former president of Omnicor Industrial Estate & Realty Center, Inc. He finished his Bachelor of Laws degree from San Beda College and his Bachelor of Arts degree from Manuel L. Quezon University. He is a member of Philippine Bar and the Integrated Bar of the Philippines.

JOSE FRANCISCO E. MIRANDA, 35, Filipino, Director.

Mr. Miranda is a graduate of the University of the Philippines, Diliman, Quezon City with a Bachelor of Science degree in Geodetic Engineering. He has been President of Geograce Resources Philippines, Inc. since 2011 and is also currently Chief Operating Officer and Director of Nihao Mineral Resources, Inc., Director of Dizon Copper-Silver Mines, Inc., and Chief Executive Officer of GNA Resources (HK) Limited).

MANUEL G. ACENAS, 67, Canadian, Director.

Mr. Acenas is a Philippine registered geologist currently working as a mineral exploration and geological consultant for various companies. He was a Senior Geologist for Eldore Mining Corp (Phil) from 2008 to 2011 and Eldore Mining Corp. Ltd (Australia) from 2005 to 2008. Mr. Acenas graduated with a Bachelor of Arts Major in Geology from the Adamson University in 1969.

FELIXES G. LATONERO, 39, Filipino, Independent Director.

Mr. Latonero is currently the President of Nontrad Advertising and FGL Modular Cabinet System, Inc. He was an Art Director at Eat Bulaga (TAPE) from 2000-2003, and Art Director of ABS-CBN Corporation from 1995-1998.

VENUS L. GREGORIO, 44, Filipino, Corporate Information Officer and Asst. Corporate Secretary.

Atty. Venus L. Gregorio graduated with a Juris Doctor from the Ateneo de Manila University in 1998 and passed the bar examinations in 1999. She has a Bachelor of Arts degree major in Political Science from the University of the Philippines. Atty. Gregorio is a Partner at Gregorio Law Offices and sits as Corporate Secretary and Corporate Information Officer of Asiabest Group International Inc. (2011 to present) and Assistant Corporate Information Officer and Assistant Corporate Secretary of Dizon Copper-Silver Mines, Inc. Asst. Corporate Secretary/Director of Cuervo Far East, Inc. (2005 to present), and Corporate Secretary of Tajima Yakiniku Inc. (2005 to present). She was formerly a Director of Active Earnings Inc. (2003 to 2011), Carellan, Inc. (2003 to 2011), Carom, Inc. (2003 to 2011), Grand Pin Development Corporation (2004 to 2011), Hobitton, Inc. (2003 to 2011) and Weathertop, Inc. (2004 to 2011); Corporate Secretary of Cuisine Allurements, Inc. (2002 to 2011), Los Boldos, Inc. (2003 to 2011), Onion and Chives, Inc. (2003 to 2011).

(2) Significant Employees

The Company maintains a skeletal force of technical and administrative personnel. For 2012, owing to the relatively small number of employees, the Company does not know yet of any such employee is expected to make significant contribution to the business, and thus has no significant employees to name and report.

(3) Family Relationships

Atty. Antonio Victoriano F. Gregorio and Atty. Venus L. Gregorio are spouses.

Other than the relationship disclosed above, the company is not aware of any other family relationships up to fourth civil degree, either by consanguinity or affinity, among the directors and officers of the Company.

(4) Involvement in Certain Legal Proceedings

Each of the director has certified that, during the past five years, they have not been involved in any insolvency or bankruptcy proceeding nor has any of them been convicted by final judgment in a criminal proceeding. Furthermore, none of the directors has been subject to any order permanently enjoining, barring, suspending or limiting their involvement in any type of business, securities, commodities or banking activities, nor have they been found by any court in a civil action to have violated any securities or commodities law or regulation.

To the best of the Company's knowledge, there is no event listed below that occurred during the last five years up to the latest date that are material to an evaluation of the ability or integrity of any director or nominee for election as director, executive officer or control person of the Company:

(a) Bankruptcy petition filed by or against any business of which a director or executive officer of the Company was a general partner or executive officer either at the time of bankruptcy or within two (2) years prior to that time;

(b) Conviction by final judgment in a criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

(c) Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or bargaining activities; and ;

(d) Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Securities and Exchange Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self regulatory organization, to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended or vacated.

ANNEX 'A'

Punongbayan & Araullo

An instinct for growth™

Financial Statements and
Independent Auditors' Report

Lodestar Investment Holdings Corporation

December 31, 2012, 2011 and 2010

LODESTAR INVESTMENT HOLDINGS CORPORATION

7th Floor Peaksun Bldg., Shaw Boulevard corner Princeton St., Mandaluyong City

STATEMENT OF MANAGAMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Lodestar Investment Holdings Corporation** is responsible for the preparation and fair presentation of the financial statements for the years ended **December 31, 2012 and 2011**, including the additional components attached therein, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and the implementing internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submit the same to the stockholders.

Punongbayan & Araullo, the independent auditors, appointed by the stockholders has examined the consolidated financial statements of the company in accordance with Philippine Standards on Auditing, and its report to the stockholders or members, has expressed opinion on the fairness of presentation upon completion of such examination.

Antonio Victoriano F. Gregorio III
Chairman

Chi Ho Co
President

Jose Francisco E. Miranda
Chief Financial Officer / Treasurer

Subscribed and sworn to before me this 06 day of NOV 2013 at QUEZON CITY affiants exhibiting to me their competent identification as follows:

Name	Identification Number	Expiry
Antonio Victoriano F. Gregorio III	Passport # EB2635337	06/06/2016
Chi Ho Co	Driver's License # N03-89-080012	04/30/2016
Jose Francisco E. Miranda	SSS 33-7464655-3	

Doc No. 223;
Page No. 46;
Book No. 7;
Series of 2013.

ATTY. GABRIEL U. VILLALUZ
NOTARY PUBLIC FOR QUEZON CITY
UNTIL DECEMBER 31, 2013
PTR NO. 7561024 / 1-2-2013
IBP NO. 834426 / 1-2-2013
ROLL NO. 36085 / ADNP-012 (2013-2014)

Punongbayan & Araullo

An instinct for growth™

Report of Independent Auditors

19th and 20th Floors, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 886 5511
F +63 2 886 5506
www.punongbayan-araullo.com

The Board of Directors and the Stockholders
Lodestar Investment Holdings Corporation
3rd Floor, Certeza Building
795 EDSA, Diliman
Quezon City

Report on the Financial Statements

We have audited the accompanying financial statements of Lodestar Investment Holdings Corporation which comprise the statements of financial position as at December 31, 2012 and 2011, and statements of income, the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Lodestar Investment Holdings Corporation as at December 31, 2012 and 2011, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2012 in accordance with Philippine Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 to the financial statements which indicates that the Company has incurred net losses of P20,040,221 P4,217,437 and P10,850,748 for the years ended December 31, 2012, 2011 and 2010, respectively, and has accumulated deficit of P92,435,860 and P72,395,639 as of December 31, 2012 and 2011, respectively. These conditions raise material uncertainty on the Company's ability to continue as a going concern. However, as discussed in Note 1, the Company has a plan to enter into a merger with Abacus Coal Exploration and Development Corporation which the Company intends to settle in 2013. Moreover, the Company is currently in the process of searching for possible mining opportunities. Consequently, the accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The accompanying financial statements do not include any adjustments relating to the recoverability and classification of assets and the amounts and settlement of liabilities that might result from the outcome of this uncertainty.

We have performed sufficient audit procedures and obtained evidence to verify the validity of management plans and actions regarding this matter.

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2012 required by the Bureau of Internal Revenue as disclosed in Note 19 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of the management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: **Romualdo V. Murcia III**
Partner

CPA Reg. No. 0095626
TIN 906-174-059
PTR No. 3671457, January 2, 2013, Makati City
SEC Group A Accreditation
Partner - No. 0628-AR-1 (until Aug. 25, 2013)
Firm - No. 0002-FR-3 (until Jan. 18, 2015)
BIR AN 08-002511-22-2011 (until Feb. 3, 2014)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2015)

April 10, 2013

RECEIVED
NINA CHRISTINA ESPIRITU
REVENUE OFFICER
DATE APR 11 2013
REVENUE REGION NO. 7

LODESTAR INVESTMENT HOLDINGS CORPORATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2012 AND 2011
(Amounts in Philippine Pesos)

	Notes	2012	2011
ASSETS			
CURRENT ASSETS			
Cash	7	P 3,406,425	P 1,589,125
Available-for-sale financial assets	8	-	20,779,600
Advances to a stockholder	13	4,076,772	-
Other current assets	9	3,899,225	2,524,928
Total Current Assets		11,382,422	24,893,653
NON-CURRENT ASSET			
Deposit for future stock investment	10	37,000,000	37,000,000
Office furniture - net		7,522	37,612
Total Non-Current Assets		37,007,522	37,037,612
TOTAL ASSETS		P 48,389,944	P 61,931,265
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accounts payable and accrued expenses	11	P 107,897	P 1,804,416
Advances from third parties	12	3,049	1,086,258
Total Current Liabilities		110,946	2,890,674
EQUITY			
Capital stock	14	74,000,000	74,000,000
Additional paid-in capital	14	66,714,858	66,714,858
Revaluation reserve	8	-	(9,278,628)
Deficit		(92,435,860)	(72,395,639)
Total Equity		48,278,998	59,040,591
TOTAL LIABILITIES AND EQUITY		P 48,389,944	P 61,931,265

See Notes to Financial Statements.

LODESTAR INVESTMENT HOLDINGS CORPORATION
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2012, 2011 AND 2010
(Amounts in Philippine Pesos)

	Notes	2012	2011	2010
REVENUE		**P -**	P -	P -
EXPENSES				
Loss on sale of available-for sale financial assets	8	**15,724,330**	-	-
Professional fees		**1,400,667**	762,922	1,558,552
Legal fees		**830,000**	915,000	2,085,000
Salaries and wages	13	**645,180**	643,815	736,191
Membership dues		**250,000**	250,000	250,000
Transportation and travel		**243,941**	87,091	15,568
Representation		**227,237**	13,380	44,500
Commission		**187,364**	-	-
Printing and office supplies		**126,950**	48,508	92,707
Directors' fees		**116,667**	35,000	245,500
Depreciation		**30,090**	22,567	-
Trustee fees		**16,384**	62,422	95,633
Taxes and licenses	19	**11,604**	13,273	11,633
Management fees		**-**	1,200,000	5,040,000
Listing and other regulatory fees		**-**	61,200	190,121
Permits		**-**	-	184,390
Others		**238,753**	122,307	327,155
		20,049,167	4,237,485	10,876,950
OPERATING LOSS		**20,049,167**	4,237,485	10,876,950
INTEREST INCOME	7	**11,183**	25,060	32,752
LOSS BEFORE TAX		**20,037,984**	4,212,425	10,844,198
TAX EXPENSE	16	**2,237**	5,012	6,550
NET LOSS		**P 20,040,221**	P 4,217,437	P 10,850,748
LOSS PER SHARE	15	**P 0.027**	P 0.006	P 0.015

RECEIVED
NINA CHRISTINA ESPIRITU
REVENUE OFFICER
DATE: 2013
REVENUE REGION NO. 7

See Notes to Financial Statements.

LODESTAR INVESTMENT HOLDINGS CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2012, 2011 AND 2010
(Amounts in Philippine Pesos)

	Note	2012	2011	2010
NET LOSS		(P 20,040,221)	(P 4,217,437)	(P 10,850,748)
OTHER COMPREHENSIVE INCOME (LOSS)	8			
Reclassification adjustment due to disposal of available-for-sale financial assets		9,278,628	-	-
Unrealized losses on available-for-sale financial assets		-	(24,049,395)	(12,292,000)
		9,278,628	(24,049,395)	(12,292,000)
TOTAL COMPREHENSIVE LOSS		(P 10,761,593)	(P 28,266,832)	(P 23,142,748)

See Notes to Financial Statements.

LODESTAR INVESTMENT HOLDINGS CORPORATION
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2012, 2011 AND 2010
(Amounts in Philippine Pesos)

	Notes	Capital Stock	Additional Paid-in Capital	Revaluation Reserves	Deficit	Total
Balance at January 1, 2012	14	P 74,000,000	P 66,714,858	(P 9,278,628)	(P 72,395,639)	P 59,040,591
Total comprehensive loss	8	-	-	9,278,628	(20,040,221)	(10,761,593)
Balance at December 31, 2012		P 74,000,000	P 66,714,858	P -	(P 92,435,860)	P 48,278,998
Balance at January 1, 2011		P 66,500,000	P 36,339,858	P 14,770,767	(P 68,178,202)	P 49,432,423
Paid up portion of subscribed capital stock during the year	14	7,500,000	30,375,000	-	-	37,875,000
Total comprehensive loss	8	-	-	(24,049,395)	(4,217,437)	(28,266,832)
Balance at December 31, 2011		P 74,000,000	P 66,714,858	(P 9,278,628)	(P 72,395,639)	P 59,040,591
Balance at January 1, 2010		P 56,000,000	P 34,239,858	P 27,062,767	(P 57,327,454)	P 59,975,171
Paid up portion of subscribed capital stock during the year	14	10,500,000	2,100,000	-	-	12,600,000
Total comprehensive loss	8	-	-	(12,292,000)	(10,850,748)	(23,142,748)
Balance at December 31, 2010		P 66,500,000	P 36,339,858	P 14,770,767	(P 68,178,202)	P 49,432,423

See Notes to Financial Statements.

LODESTAR INVESTMENT HOLDINGS CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012, 2011 AND 2010
(Amounts in Philippine Pesos)

	Notes	2012	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax		(P 20,037,984)	(P 4,212,425)	(P 10,844,198)
Adjustments for:				
Loss on sale of available-for-sale financial assets	8	15,724,330	-	-
Depreciation		30,090	22,567	-
Interest income	7	(11,183)	(25,060)	(32,752)
Operating loss before working capital changes		(4,294,747)	(4,214,918)	(10,876,950)
Increase in other current assets		(1,374,297)	(1,350,173)	(463,627)
Increase in advances to a stockholder		(4,076,772)	-	-
Decrease in accounts payable and accrued expenses		(1,696,519)	(503,756)	(109,016)
Decrease in advances from third parties		(1,083,209)	(11,667,657)	(1,372,623)
Cash used in operations		(12,525,544)	(17,736,504)	(12,822,216)
Interest received		11,183	25,060	32,752
Cash paid for final taxes	16	(2,237)	(5,012)	(6,550)
Net Cash Used in Operating Activities		(12,516,598)	(17,716,456)	(12,796,014)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of available-for-sale financial assets		14,333,898	-	-
Deposit for future stock investment	9	-	(10,000,000)	-
Acquisition of available-for-sale financial assets	8	-	(7,733,495)	-
Acquisition of office furniture		-	(60,179)	-
Net Cash From (Used in) Investing Activities		14,333,898	(17,793,674)	-
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from subscribed capital stock	14	-	37,875,000	12,600,000
Repayments of advances from stockholders		-	(1,050,000)	(9,636,095)
Net Cash From Financing Activities		-	36,825,000	2,963,905
NET INCREASE (DECREASE) IN CASH		1,817,300	1,314,870	(9,832,109)
CASH AT BEGINNING OF YEAR		1,589,125	274,255	10,106,364
CASH AT END OF YEAR		P 3,406,425	P 1,589,125	P 274,255

See Notes to Financial Statements.

LODESTAR INVESTMENT HOLDINGS CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012, 2011 AND 2010
(Amounts in Philippine Pesos)

1. CORPORATE MATTERS

1.1 Corporate Information

Lodestar Investment Holdings Corporation (the Company) was incorporated on January 3, 1974 and its shares are listed with the Philippine Stock Exchange (PSE). The Company's primary purpose is to engage as an investment holding company. At present, the Company has no commercial operations but is in the process of searching for mining opportunities.

The Company's registered office is located at 3rd Floor, Certeza Building, 795 EDSA, Diliman, Quezon City.

1.2 Status of Operations

The Company has incurred net losses of P20,040,221, P4,217,437 and P10,850,748 for the years ended December 31, 2012, 2011 and 2010, respectively, and has accumulated deficit of P92,435,860 and P72,395,639 as of December 31, 2012 and 2011, respectively. These conditions raise uncertainty on the Company's ability to continue as a going concern. However, the Company has a plan to enter into a merger with Abacus Coal Exploration and Development Corporation (ABACOAL) which the Company intends to settle in 2013 (see Note 17). Moreover, the Company is currently in the process of searching for possible mining opportunities. Consequently, the financial statements have been prepared assuming that the Company will continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of assets and settlement of liabilities that might result from the outcome of this uncertainty.

1.3 Approval of Financial Statements

The financial statements of the Company for the year ended December 31, 2012 (including the comparatives for the years ended December 31, 2011 and 2010) were authorized for issue by the Company's Board of Directors (BOD) on April 10, 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized below. The policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements.* The Company presents all items of income and expense in two statements: a statement of income and a statement of comprehensive income.

Two comparative periods are presented for the statement of financial position when the Company applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements, or reclassifies items in the financial statements.

(c) Functional and Presentation Currency

These financial statements are presented in Philippine pesos, the Company's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Company are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Company operates.

2.2 Adoption of New and Amended PFRS

(a) Effective in 2012 that is Relevant to the Company

There are new amendments to PFRS that are effective for financial statements for the annual period beginning on or after July 1, 2011 or January 1, 2012. Among those amendments, only PFRS 7 (Amendment), *Financial Instruments: Disclosures – Transfers of Financial Assets*, is relevant to the Company and hence, adopted by the Company in 2012. The amendment requires additional disclosures that will allow users of financial statements to understand the relationship between transferred financial assets that are not derecognized in their entirety and the associated liabilities; and, to evaluate the nature of, and risk associated with any continuing involvement of the reporting entity in financial assets that are derecognized in their entirety. The Company did not transfer any financial asset involving this type of arrangement; hence, the amendment did not result in any significant change in the Company's disclosures in its financial statements.

(b) Effective in 2012 that are not Relevant to the Company

The following amendments and improvements to PFRS are mandatory for accounting periods beginning on or after July 1, 2011 or January 1, 2012 but are not relevant to the Company's financial statements:

PFRS 1 (Amendment)	:	First-time Adoption of PFRS
PAS 12 (Amendment)	:	Income Taxes – Deferred Tax: Recovery of Underlying Assets

(c) Effective Subsequent to 2012 but not Adopted Early

There are new PFRS, amendments and annual improvements to existing standards that are effective for periods subsequent to 2012. Management has initially determined the following pronouncements, which the Company will apply in accordance with their transitional provisions, to be relevant to its financial statements:

(i) PAS 1 (Amendment), *Financial Statements Presentation – Presentation of Items of Other Comprehensive Income* (effective from July 1, 2012). The amendment requires an entity to group items presented in Other Comprehensive Income into those that, in accordance with other PFRS: (a) will not be reclassified subsequently to profit or loss and (b) will be reclassified subsequently to profit or loss when specific conditions are met. The Company's management expects that this will not affect the presentation of items in other comprehensive income, since the Company's other comprehensive income pertains only to unrealized fair value gains and losses on available-for-sale (AFS) financial assets, which can be reclassified to profit or loss when specified conditions are met.

(ii) PFRS 7 (Amendment), *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities* (effective from January 1, 2013). The amendment requires qualitative and quantitative disclosures relating to gross and net amounts of recognized financial instruments that are set-off in accordance with PAS 32, *Financial Instruments: Presentation*. The amendment also requires disclosure of information about recognized financial instruments which are subject to enforceable master netting arrangements or similar agreements, even if they are not set-off in the statement of financial position, including those which do not meet some or all of the offsetting criteria under PAS 32 and amounts related to a financial collateral. These disclosures will allow financial statement users to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with recognized financial assets and financial liabilities on the entity's financial position. The Company has initially assessed that the adoption of the amendment will not have a significant impact on its financial statements.

(iii) PFRS 13, *Fair Value Measurement* (effective from January 1, 2013). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across PFRS. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. Management is in the process of reviewing its valuation methodologies for conformity with the new requirements and has yet to assess the impact of the new standard on the Company's financial statements.

(iv) PAS 32 (Amendment), *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities* (effective from January 1, 2014). The amendment provides guidance to address inconsistencies in applying the criteria for offsetting financial assets and financial liabilities. It clarifies that a right of set-off is required to be legally enforceable, in the normal course of business; in the event of default; and in the event of insolvency or bankruptcy of the entity and all of the counterparties. The amendment also clarifies the principle behind net settlement and provided characteristics of a gross settlement system that would satisfy the criterion for net settlement. The Company does not expect this amendment to have a significant impact on its financial statements.

(v) PFRS 9, *Financial Instruments: Classification and Measurement* (effective from January 1, 2015). This is the first part of a new standard on financial instruments that will replace PAS 39, *Financial Instruments: Recognition and Measurement*, in its entirety. This chapter covers the classification and measurement of financial assets and financial liabilities and it deals with two measurement categories for financial assets: amortized cost and fair value. All equity instruments will be measured at fair value while debt instruments will be measured at amortized cost only if the entity is holding it to collect contractual cash flows which represent payment of principal and interest. The accounting for embedded derivatives in host contracts that are financial assets is simplified by removing the requirement to consider whether or not they are closely related, and, in most arrangement, does not require separation from the host contract.

For liabilities, the standard retains most of the PAS 39 requirements which include amortized cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in case where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch.

To date, other chapters of PFRS 9 dealing with impairment methodology and hedge accounting are still being completed.

Further, in November 2011, the IASB tentatively decided to consider making limited modifications to International Financial Reporting Standards 9's financial asset classification model to address certain application issues.

The Company does not expect to implement and adopt PFRS 9 until its effective date or until all chapters of this new standard have been published. In addition, the Company will continue to assess the possible effect of this standard considering the impact of all changes until its implementation in 2015.

(vi) 2009-2011 Annual Improvements to PFRS. Annual improvements to PFRS (2009-2011 Cycle) made minor amendments to a number of PFRS, which are effective for annual period beginning on or after January 1, 2013. Among those improvements, the following amendments are relevant to the Company but management does not expect a material impact on the Company's financial statements:

(a) PAS 1 (Amendment), *Presentation of Financial Statements – Clarification of the Requirements for Comparative Information.* The amendment clarifies the requirements for presenting comparative information for the following:

- Requirements for opening statement of financial position

  If an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period (i.e., opening statement of financial position), it shall present such third statement of financial position.

  Other than disclosure of certain specified information in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors,* related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

- Requirements for additional comparative information beyond minimum requirements

  If an entity presented comparative information in the financial statements beyond the minimum comparative information requirements, the additional financial statements information should be presented in accordance with PFRS including disclosure of comparative information in the related notes for that additional information. Presenting additional comparative information voluntarily would not trigger a requirement to provide a complete set of financial statements.

(b) PAS 32 (Amendment), *Financial Instruments – Presentation – Tax Effect of Distributions to Holders of Equity Instruments.* The amendment clarifies that the consequences of income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with PAS 12. Accordingly, income tax relating to distributions to holders of an equity instrument is recognized in profit or loss while income tax related to the transaction costs of an equity transaction is recognized in equity.

2.3 Financial Assets

Financial assets are recognized when the Company becomes a party to the contractual terms of the financial instrument. Financial assets other than those designated and effective as hedging instruments are classified into the following categories: financial assets at fair value through profit or loss (FVTPL), loans and receivables, held-to-maturity investments and AFS financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired.

Regular purchases and sales of financial assets are recognized on their trade date. All financial assets that are not classified as at FVTPL are initially recognized at fair value plus any directly attributable transaction costs. Financial assets carried at FVTPL are initially recorded at fair value and transaction costs related to it are recognized in profit or loss.

The Company's financial assets pertain to loans and receivables and AFS financial assets.

(a) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the reporting period which are classified as non-current assets.

Loans and receivables are subsequently measured at amortized cost using the effective interest method less impairment loss, if any. Impairment loss is provided when there is objective evidence that the Company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the assets' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

The Company's financial assets categorized as loans and receivables are presented as Cash, Receivables (under Other Current Assets) and Advances to a Stockholder in the statement of financial position. Cash is defined as cash on hand and demand deposits which are subject to insignificant risk of changes in value.

(b) AFS Financial Assets

This category includes non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. They are presented as current assets in the statement of financial position since management intends to dispose of the investments within twelve months from the reporting period. Otherwise, AFS financial assets are presented as non-current assets. The Company's AFS financial assets include listed equity securities.

All financial assets within this category are subsequently measured at fair value. Gains and losses from changes in fair value are recognized in other comprehensive income, and are reported as part of the Revaluation Reserves account in equity. When the financial asset is disposed of or is determined to be impaired, the cumulative fair value gains or losses recognized in other comprehensive income is reclassified from equity to profit or loss and is presented as reclassification adjustment within other comprehensive income.

Reversal of impairment losses are recognized in other comprehensive income, except for financial assets that are debt securities which are recognized in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognized.

All income and expenses, including impairment losses, relating to financial assets that are recognized in profit or loss are presented as Interest Income and Loss on Sale of AFS Financial Assets in the statement of income.

For investments that are actively traded in organized financial markets, fair value is determined by reference to exchange-quoted market bid prices at the close of business on the reporting period. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Non-compounding interest, dividend income and other cash flows resulting from holding financial assets are recognized in profit or loss when earned, regardless of how the related carrying amount of financial assets is measured.

The financial assets are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred.

2.4 Other Current Assets

Other current assets pertain to other resources controlled by the Company as a result of past events. They are recognized in the financial statements when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Company beyond one year after the end of the reporting period (or in the normal operating cycle of the business, if longer), are classified as non-current assets.

2.5 Office Furniture

Office furniture are stated at cost less accumulated depreciation and any impairment in value.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred. When assets are sold, retired or otherwise disposed of, their cost and related accumulated depreciation and impairment losses, if any, are removed from the accounts and any resulting gain or loss is reflected in income for the period.

Depreciation of office furniture is computed on the straight-line basis over the estimated useful life of two years.

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

The residual value and estimated useful life of office furniture are reviewed and adjusted if appropriate, at the end of each reporting period.

The Company's office furniture are subject to impairment testing whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Impairment loss for office furniture is recognized for the amount by which the asset's carrying amount exceeds its recoverable amounts which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from such asset and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors determined reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

Office furniture are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss.

An item of office furniture is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the year the item is derecognized.

2.6 Financial Liabilities

Financial liabilities, which include accounts payable and accrued expenses (except for tax-related liabilities) and advances from third parties, are recognized when the Company becomes a party to the contractual terms of the instrument.

Accounts payable and accrued expenses and advances from third parties are recognized initially at their fair value and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration.

2.7 Offsetting Financial Instruments

Financial assets and liabilities are set-off and the resulting net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.8 Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provisions due to the passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

2.9 Revenue and Expense Recognition

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that the economic benefits will flow to the Company, and the costs incurred or to be incurred can be measured reliably.

Interest income is recognized as the interest accrues taking into account the effective yield on the asset.

Costs and expenses are recognized in profit or loss upon utilization of goods or services at the date they are incurred. Any finance costs are reported in the statement of income on an accrual basis.

2.10 Income Taxes

Tax expense recognized in the statement of income comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or liabilities comprise those claims from or obligations to fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the reporting period. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in the statement of income.

Deferred tax is provided, using the liability method on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deferred tax asset can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss. Only changes in deferred tax assets or liabilities that relate to items recognized in other comprehensive income or directly in equity, if any, are recognized in other comprehensive income or directly in equity.

2.11 Related Party Relationships and Transactions

Related party transactions are transfers of resources, services or obligations between the Company and its related parties, regardless whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; and, (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

2.12 Equity

Capital stock represents the nominal value of shares that have been issued.

Additional paid-in capital represents any premiums received on the issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Revaluation reserves pertain to the unrealized gains or losses arising from the revaluation of AFS financial assets.

Deficit includes all current and prior period results as disclosed in the statement of income.

2.13 Losses Per Share

Losses per share are determined by dividing net loss by the weighted average number of common shares issued and outstanding during the year. Diluted losses per share are not computed since the Company has no potential dilutive common shares.

2.14 Events After the End of the Reporting Period

Any post-year-end event that provides additional information about the Company's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The Company's financial statements prepared in accordance with PFRS require management to make judgments and estimates that affect amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amount recognized in the financial statements:

(a) *Impairment of AFS Financial Assets*

The determination when an investment is other-than-temporarily impaired requires significant judgment. In making this judgment, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows. As of December 31, 2011, management concluded that the Company's AFS financial assets are not impaired. The Company disposed its entire AFS financial assets in 2012.

(b) *Recognition of Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Accounting policies on recognition of provisions and contingencies are discussed in Note 2.8 and disclosures on relevant provisions and contingencies are presented in Note 18.

3.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

(a) *Fair Value Measurements for Financial Instruments*

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument.

Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

The fair value of the Company's AFS financial assets has been determined directly by reference to published prices quoted in an active market.

The carrying values of the Company's AFS financial assets and the amounts of fair value changes recognized on those assets are disclosed in Note 8.

(b) Determining Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

As of December 31, 2012 and 2011, the Company did not recognize its deferred tax asset arising from net operating loss carry-over (NOLCO) as the Company may not have sufficient taxable income against which the NOLCO can be applied (see Note 16).

(c) Impairment of Office Furniture

The Company's policy on estimating the impairment of office furniture is discussed in Note 2.5. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

No impairment losses were recognized on office furniture in 2012, 2011, and 2010.

4. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks which result from its use of financial instruments. The Company's risk management is coordinated in close cooperation with the BOD, and focuses on actively securing the Company's short-to-medium term cash flows by minimizing the exposure to financial markets.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed to are described below and in the succeeding pages.

4.1 Market Risk

The Company is exposed to market risk through its use of financial instruments and specifically to interest rate risk and certain other price risk which result from both its operating and investing activities.

(a) Interest Rate Risk

The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually made at fixed rates. At December 31, 2012 and 2011, the Company is exposed to changes in market interest rates through its cash, which are subject to variable interest rates (see Note 7). All other financial assets and liabilities have fixed rates.

The table below illustrates the sensitivity of the Company's profit before tax and equity to a reasonably possible change in interest rates of +/- 1.53% and +/-2.30% in 2012 and 2011, respectively. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at the end of each reporting period that are sensitive to changes in interest rates. All other variables are held constant.

	2012		2011	
	+ 153	- 153	+230	-230
Loss before tax	(P 52,130)	P 52,130	(P 36,846)	P 36,846
Equity	(41,704)	41,704	(29,477)	29,477

(b) Other Price Risk

The Company's exposure to price risk arises from its investments in equity securities, which are classified as AFS Financial Assets in the statements of financial position. It manages its risk arising from changes in market indices by monitoring the changes in the market price of the investments.

For equity securities listed in the Philippines, an average volatility of 16.40% has been observed during 2011. If the quoted price for these securities increased or decreased by that amount, equity would have changed by P3,408,045 in 2011. The Company is not exposed to this risk in 2012 since its AFS financial assets were entirely disposed during the year.

4.2 Credit Risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to this risk for its financial assets.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the statements of financial position as follows:

	Notes		2012		2011
Cash	7	P	3,406,425	P	1,589,125
Advances to a stockholder	13.1		4,076,772		-
Other current assets	9		-		2,950
		P	7,483,197	P	1,590,025

The Company's cash is actively monitored to avoid significant and unwarranted exposure to credit risk. The credit risk for the Company's cash in banks is considered negligible since the counterparty is a reputable bank with high liquid credit ratings. Cash in banks, which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P500,000 per banking institution as provided for under Republic Act No. 9302, *Charter of Philippine Deposit Insurance Corporation,* are still subjected to credit risk.

4.3 Liquidity Risk

The Company manages its liquidity needs by obtaining additional advances from stockholders.

As at December 31, 2012 and 2011, the Company's financial liabilities having contractual maturities of twelve months are presented below.

	Notes		2012		2011
Accounts payable and accrued expenses	11	P	33,138	P	1,764,244
Advances from third parties	12		3,049		1,086,258
		P	36,187	P	2,850,502

5. CATEGORIES AND FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

5.1 Comparison of Carrying Amounts and Fair Values

The carrying amounts and fair values of the categories of the Company's financial assets and liabilities presented in the statements of financial position are shown below.

	Notes	2012 Carrying Amount	2012 Fair Value	2011 Carrying Amount	2011 Fair Value
Financial assets					
Loans and receivables					
Cash	7	P 3,406,425	P 3,406,425	P 1,589,125	P 1,589,125
Advances to a stockholder	13.1	4,076,772	4,076,772	-	-
Other current assets	9	65,483	65,483	2,950	2,950
		7,548,680	7,548,680	1,592,075	1,592,075
AFS financial assets	8	-	-	20,779,600	20,779,600
		P 7,483,197	P 7,483,197	P 22,371,675	P 22,371,675
Financial liabilities					
At amortized cost					
Accounts payable and accrued expenses	11	P 33,138	P 33,138	P 1,764,244	P 1,764,244
Advances from third parties	12	3,049	3,049	1,086,258	1,086,258
		P 36,187	P 36,187	P 2,850,502	P 2,850,502

See Notes 2.3 and 2.6 for a description of the accounting policies for each category of financial instrument. A description of the Company's risk management objectives and policies for financial instruments is provided in Note 4.

5.2 Fair Value Hierarchy

The financial assets and liabilities measured at fair value in the statements of financial position are categorized in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

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

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

As of December 31, 2011 (nil in 2012), AFS financial asset is the only financial asset measured at fair value in the statement of financial position and the value is determined under Level 1. There were no financial liabilities measured at fair value as of December 31, 2012 and 2011.

There were no transfers between levels 1 and 2 in both years.

6. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's capital management objective is to ensure the Company's ability to continue as a going concern.

The Company monitors capital on the basis of the carrying amount of equity as presented on the statements of financial position.

The Company sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares.

The Company's debt-to-equity ratio as of December 31, 2012 and 2011 follows:

	2012	2011
Total liabilities	P 110,946	P 2,890,674
Total equity	48,278,998	59,040,591
Debt-to-equity ratio	0.002 : 1.00	0.049 : 1.00

As discussed in Note 1.2, the Company has a plan to enter into a merger with ABACOAL where the Company shall acquire the coal property and all the other assets and liabilities of ABACOAL (see Note 17). Moreover, the Company is in the process of searching for other mining opportunities.

7. CASH

The Company's cash comprises cash in banks which generally earn interest at rates based on daily bank deposit rates. Total interest income earned arising from these deposits amounted to P11,183, P25,060 and P32,752 in 2012, 2011 and 2010, respectively, and is presented as Interest Income in the statements of income.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

The reconciliation of the carrying amount of AFS financial assets in 2012 and 2011 follows:

	2012	2011
Balance at beginning of year	P 20,779,600	P 37,095,500
Unrealized fair value losses - net	(4,143,400)	(24,049,395)
Disposals	(16,636,200)	-
Acquisitions	-	7,733,495
Balance at end of year	P -	P 20,779,600

AFS financial assets consist of shares of publicly-listed companies.

In 2012, the Company disposed its entire AFS financial assets at a selling price of P14.3 million. Accordingly, the cumulative fair value gains or losses recognized in other comprehensive income amounting to P9.3 million is reclassified from equity to profit or loss and presented as reclassification adjustment within other comprehensive income. Realized losses from the sale transaction which include the reclassification adjustment from equity to profit and loss amounting to P9.3 million, totaled P15.7 million and is shown as Loss on Sale of Available-for-Sale Financial Assets in the 2012 statement of income.

Unrealized fair value losses in 2011 are presented in the 2011 statement of comprehensive income.

The fair values of AFS financial assets as of December 31, 2011 have been determined directly by reference to the market value of the shares in the stock exchange based on the most recent transactions.

9. OTHER CURRENT ASSETS

This account is composed of the following:

	Note	2012	2011
Input value added tax (VAT)	19.1(b)	P 2,730,222	P 2,521,978
Advances to contractor		1,103,520	-
Others		65,483	2,950
		P 3,899,225	P 2,524,928

10. DEPOSIT FOR FUTURE STOCK INVESTMENT

This account pertains to amount of deposits made in 2009 to Abacus Consolidated Resources Holdings, Inc. (ACRHI) for the Company's 100% acquisition of ABACOAL, pursuant to the Agreement for Joint Investment executed by the Company and Music Semiconductors Corporation (MSC) on September 24, 2008 with certain amendments made on May 21, 2009 for the joint purchase by the Company and MSC of the 100% of the outstanding and issued shares of ABACOAL held by ACRHI (see Note 17). As of December 31, 2012 and 2011, the deposit for future stock investment amounted to P37,000,000.

11. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

This account is consists of:

	2012	2011
Accrued expenses	P 107,897	P 82,526
Accounts payable	-	1,721,890
	P 107,897	P 1,804,416

Accrued expenses consist mainly of expanded withholding taxes and other government agency related payables.

12. ADVANCES FROM THIRD PARTIES

On May 31, 2009, the Company and Oriental Vision Mining Philippines Corporation (Orvi) entered into a Memorandum of Agreement (MOA) whereby Orvi will undertake exploration and development of a 7,000-hectare coal property in Surigao del Sur owned by ABACOAL. Under the MOA, Orvi shall have the right to explore, develop and operate the subject coal property in exchange for royalty fee at 8% of gross price per ton of any coal to be mined in the property. In addition, Orvi paid the Company P25,000,000 representing reimbursement of the Company's advances made and to be made to third parties related to the initial exploration and development of the coal property. Any settlement in excess of the P25,000,000 shall be collectible from Orvi and any excess of the P25,000,000 over the settlement made shall be payable to Orvi. In 2012 and 2011, the Company spent P1,083,209 and P11,667,657 in relation to the MOA, and charged the same to the Advances from Third Parties account. The remaining outstanding liability as of December 31, 2012 and 2011 amounted to P3,049 and P1,086,258, respectively, and are shown as Advances from Third Parties in the statements of financial position.

13. RELATED PARTY TRANSACTIONS

The Company's related party includes its stockholder and key management personnel.

13.1 Advances to a Stockholder

In 2012, the Company grants non-interest bearing advances to a stockholder for working capital purposes. The advances to the stockholder are unsecured and are due and demandable anytime. These advances are generally settled in cash.

The movements in the balance of advances to a stockholder, shown as Advances to a Stockholder account in the 2012 statement of financial position, are as follows:

Balance at beginning of year	P -
Additions	24,069,208
Collections	(19,924,436)
Balance at end of year	**P 4,076,772**

Collections include assumption of the stockholder of the Company's liabilities to certain third party totaling P1,721,890.

As at December 31, 2012, based on management's assessment, the outstanding balance of the Company's advances to a stockholder is not impaired, hence, no impairment loss is recognized.

13.2 Key Management Personnel Compensation

Key management personnel compensation amounted to P626,600 in both 2012 and 2011 is presented as part of Salaries and Wages under Expenses in the statements of income.

14. CAPITAL STOCK

The details of the Company's capital stock are as follows:

	Number of Shares			Amount		
	2012	2011	2010	2012	2011	2010
Authorized (P0.10 par value per share in 2012, 2011, and 2010)	1,000,000,000	1,000,000,000	100,000,000	P 100,000,000	P 100,000,000	P 100,000,000
Issued and outstanding:						
Issued:						
Balance at beginning of year	740,000,000	665,000,000	56,000,000	P 74,000,000	P 66,500,000	P 56,000,000
Issued during the year	-	75,000,000	10,500,000	-	7,500,000	10,500,000
Stock split	-	-	598,500,000	-	-	-
Balance at end of year	740,000,000	740,000,000	665,000,000	74,000,000	74,000,000	66,500,000
Subscribed:						
Balance at beginning of year	-	75,000,000	18,000,000	-	7,500,000	18,000,000
Paid during the year	-	(75,000,000)	(10,500,000)	-	(7,500,000)	(10,500,000)
Stock split	-	-	67,500,000	-	-	-
Balance at end of year	-	-	75,000,000	-	-	7,500,000
Total issued and outstanding	740,000,000	740,000,000	740,000,000	74,000,000	74,000,000	74,000,000
Subscription receivable				-	-	(7,500,000)
				P 74,000,000	P 74,000,000	P 66,500,000

On May 26, 1989, the Securities and Exchange Commission (SEC) approved the listing of the Company's shares. As of December 31, 2012, 88% of the issued and outstanding shares are held by the public. Such listed shares closed at P16 per share as of December 28, 2012.

On November 6, 2009, the Company entered into another investment agreement with various investors whereas the investors agreed to subscribe by way of private placement of 10.0 million common shares of stock to be issued out of the unissued and unsubscribed portion of the authorized capital stock of the Company. The shares were subscribed at a price of P5.05 per share or for a total of P50.5 million, of which 25% or P12.6 million was initially paid in 2009. The transaction was approved by the BOD on September 14, 2009. The remaining amount of P37.9 million was fully paid in 2011.

In 2011, the Company has an outstanding subscription receivable at a par of P7.5 million with an additional paid in capital of P30.4 million. Such subscription receivable was collected in the same year.

On a special meeting of the BOD held on November 6, 2009, the BOD approved the following:

(i) Proposed reduction in the par value of the shares of stock of the Company from P1.00 to P0.10 per share, resulting in a stock split of ten shares for every one share issued. A share buy-back program was also adopted, which will depend on the Company's retained earnings and the market price of the Company's shares under such terms and conditions to be determined and set by the BOD.

(ii) Proposed increase in the authorized capital stock of the Company from P100.0 million divided into 100 million shares at P1.00 par value per share to P300.0 million divided into 3 billion shares at P0.10 par value per share.

(iii) Issuance of shares of stock from the proposed capital increase through pre-emptive stock rights offering. The pre-emptive stock rights offering shall be implemented on a 1:1 proportion, i.e., one share held by qualified stockholders entitled the said stockholders to subscribe to one share under the offering. The stock rights offer price shall be at par of P0.10, representing the reduced par value of the shares at the expected time of the stock rights offering, or at P1.00 if the stock rights offering happens at the time prior to the reduction in the par value of the shares.

The foregoing proposed transactions were approved by the Company's stockholders on its annual meeting on December 17, 2009. On September 14, 2010, the SEC approved the reduction in the par value of the shares of stock of the Company from P1.00 to P0.10. In effect, the authorized capital stock shall be P100.0 million divided into 1.0 billion shares. As of December 31, 2012, the Company has yet to secure the approval of the SEC on the remaining transactions.

Further, on a meeting held on November 3, 2010, the BOD approved the proposed reduction in the par value of the shares of stock of the Company from P0.10 to P0.01 per share resulting in a stock split of ten shares for every one share owned. However, the reduction in par value has not been applied with the SEC as of December 31, 2012.

15. LOSS PER SHARE

Loss per share is computed as follows:

	2012	2011	2010
Net loss	**P 20,040,221**	P 4,217,437	P 10,850,748
Divided by the weighted average number of outstanding common shares	**740,000,000**	740,000,000	740,000,000
Loss per share	**P 0.027**	P 0.006	P 0.015

The Company has no potentially dilutive instruments, thus, basis and dilutive earnings per share are the same.

16. INCOME TAXES

The tax expense shown in profit or loss pertains to the final tax on the interest income earned on the Company's cash in banks.

The Company has no RCIT or MCIT because of its tax and gross loss position in each of the three years in the period ended December 31, 2012.

The Company did not recognize any deferred tax asset from its NOLCO as of December 31, 2012 and 2011 since it is doubtful that the Company will have sufficient taxable profit against which the deferred tax assets can be utilized. The amounts of unrecognized deferred tax assets as of December 31, 2012 and 2011 amounted to P5,728,610 and P6,880,494, respectively.

The breakdown of NOLCO, which can be claimed as deduction from future taxable income within three years from the year the taxable loss was incurred, is shown below.

Year Incurred	Original Amount	Expired Balance	Remaining Balance	Expiry Year
2012	P 3,980,933	P -	P 3,980,933	2015
2011	4,237,485	-	4,237,485	2014
2010	10,876,950	-	10,876,950	2013
2009	7,820,545	7,820,545	-	2012
	P 26,915,913	P 7,820,545	P 19,095,368	

In 2012, 2011 and 2010, the Company opted to continue claiming itemized deductions.

17. AGREEMENT FOR JOINT INVESTMENT

17.1 Purchase of ABACOAL Shares

On September 24, 2008, the Company and MSC agreed to purchase 100% of the outstanding and issued shares of ABACOAL held by ACRHI, including the Coal Operating Contract covering 7,000 hectare property at Mimi Tandag, Surigao del Sur (the Coal Property) assigned by ACRHI to ABACOAL. MSC and the Company shall acquire 55% and 45% participation and equity interest, respectively, in ABACOAL and the coal property. Unit price per stock of MSC and the Company shall be equivalent to the 90-day moving average of the shares prior to Date of Subscription or Share Purchase Agreements.

On May 21, 2009, the Company, MSC and ACRHI amended the agreement with the following revised terms and conditions:

(a) Assignment of Investment Interests and Participation

MUSX Corporation (formerly MSC) hereby assigns its right to acquire 55% participation and equity interest in ABACOAL and the coal property to the Company. As a result of the assignment, the Company shall have the right to acquire 100% participation and equity interest in ABACOAL and the coal property.

(b) Consideration for the Assignment

The Company shall pay MSC the following consideration for the assignment of the right to acquire 55% participation and equity interest in ABACOAL: (1) P12.0 million upon signing of the Agreement as and by way of reimbursement of certain expenses and payments already made by MSC into the ABACOAL project; (2) P10.0 million on or before December 31, 2009, as and by way of reimbursement of the remainder of the expenses and payments already made and advanced by MSC into the Project; (3) One-fourth percent (0.25%) of the gross coal price per ton based on FOB loaded to vessel payable within 5 days from receipt of payment by the Company, as and by way of Royalties in the project. These royalty payments are payable only for the period of the first five years of the operations of the ABACOAL project. The P12.0 million and P10.0 million are recorded as part of Deposit for Future Stock Investment in the statements of financial position (see Note 10). Moreover, the Company made an additional deposit amounting to P5.0 million as part of the pending acquisition by the Company of ABACOAL.

On February 21, 2011, the Company paid MSC the amount of P10.0 million as and by way of full and final payment of any and all of its obligation. As a result, the Company has fully complied with its entire obligation to MSC as the latter waived in full any and all other possible collectibles from the Company as a result of the above agreements, including but not limited to the percentage shares in the sales of ABACOAL upon the operation, thereof.

17.2 Acquisition of Coal Property and Plan of Merger

In addition to the foregoing, the Company shall have the exclusive right to create a Management Group to manage the development and production of the coal property to protect the interests of the parties therein (see Note 10).

On November 3, 2010, ABACOAL and the Company further revised the terms of the agreement. In the revised agreement, the Company shall acquire the Coal Property and all the other assets and liabilities of ABACOAL by and through a merger, with the Company as the surviving entity. By virtue of said merger, the Company shall issue 250,000,000 new common shares at a par value of P0.10 and an agreed issue value of P0.90 to ABACOAL. The Company undertakes to list the said shares with the PSE. These terms and conditions shall be incorporated in a Merger Agreement and Plan of Merger which ABACOAL and the Company agree to execute at the proper time. As part of the agreement, the Company shall make staggered cash payments to ABACOAL which shall be deemed as constituting a participation in operating revenues from the Coal Property in the total amount of P75.0 million, payable as follows:

- P30.0 million advance deposit on ABACOAL's participation due on September 24, 2008, June 1, 2009 and June 8, 2009;
- Amounts to be paid upon and to be taken from the sale of the first production of coal products from the Coal Property:
  a. P20.0 million upon consummation of said first sale of coal products; and,
  b. P25.0 million payable thirty days from consummation of said first sale of coal products.

As of December 31, 2012, the merger between the Company and ABACOAL is not yet executed and no payment has been made to ABACOAL; however, the above agreements are still binding.

18. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Company makes various commitments and incurs certain contingent liabilities that are not given recognition in the financial statements. As of December 31, 2012, management believes that losses, if any, that may arise from these commitments and contingencies will not have any material effect on the financial statements.

19. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented below is the supplementary information which is required by the Bureau of Internal Revenue (BIR) under its existing revenue regulations to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

19.1 Requirements Under Revenue Regulations (RR) 15-2010

The information on taxes, duties and license fees paid or accrued during the taxable year required under RR 15-2010 are presented below.

(a) Output VAT

In 2012, the Company had no revenues earned subject to output VAT.

(b) Input VAT

The movements in input VAT are summarized below.

Balance at beginning of year	P	2,521,978
Services lodged under operating expenses		208,244
Balance at end of year	**P**	**2,730,222**

The balance of input VAT is presented as Input VAT under Other Current Assets account in the 2012 statement of financial position (see Note 9).

(c) Taxes on Importation

The Company did not incur or pay any customs duties and tariff fees as it did not have any importation for the year ended December 31, 2012.

(d) Excise Tax

The Company did not have any transactions in 2012 which are subject to excise tax.

(e) Documentary Stamp Tax

The Company had not paid or accrued documentary stamp tax in 2012.

(f) *Withholding Taxes*

The details of total withholding taxes for the year ended December 31, 2012 are shown below.

Expanded	P	281,396
Compensation and benefits		136,169
	P	417,565

The Company has no transaction subject to final withholding taxes.

(g) *Taxes and Licenses*

The details of taxes and licenses for the year ended December 31, 2012 follow:

Permits	P	7,912
Barangay clearance		2,000
Fire inspection		492
Residence tax – basic and additional		700
Annual registration fee		500
	P	11,604

(h) *Deficiency Tax Assessment and Tax Cases*

As of December 31, 2012, the Company does not have any final deficiency tax assessments with the BIR or tax cases outstanding or pending in courts or bodies outside of the BIR in any of the open years.

19.2 Requirements Under RR 19-2011

RR 19-2011 requires schedules of taxable revenues and other non-operating income, costs of services, itemized deductions and other significant tax information, to be disclosed in the notes to financial statements.

The amounts of taxable revenues, and deductible costs and expenses presented below are based on relevant tax regulations issued by the BIR, hence, may not be the same as the amounts of revenues reflected in the 2012 statement of comprehensive income.

(a) *Taxable Revenues*

The Company has no taxable revenues in 2012.

(b) *Deductible Cost of Services*

The Company has no deductible cost of services in 2012.

(c) *Taxable Non-Operating and Other Income*

The Company has no taxable non-operating and other income in 2012.

(d) Itemized Deductions

The amounts of itemized deductions under the regular tax rate for the year ended December 31, 2012 are as follows:

Professional fees	P	1,400,667
Legal fees		830,000
Salaries and wages		645,180
Membership dues		250,000
Transportation and travel		243,941
Commission		187,364
Printing and office supplies		126,950
Depreciation		30,090
Trustee fees		16,384
Taxes and licenses		11,604
Miscellaneous		238,753
	P	3,980,933

ANNEX 'B'

COVER SHEET

5 4 1 0 6

S.E.C. Registration Number

L O D E S T A R I N V E S T M E N T H O L D I N G S

C O R P O R A T I O N

(Company's Full Name)

7 t h F l r. P e a k s u n B l d g., P r i n c e t o n

S t., S h a w B l v d., M a n d a l u y o n g C i t y

(Business Address: No. Street City / Town / Province)

Atty. Venus L. Gregorio	920-9306
Contact Person	Company Telephone Number

1 2	3 1	Amended 17A 2012	0 5	
Month	Day		Month	Day
Fiscal Year			Annual Meeting	

Secondary License Type, If Applicable

C F D

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I. D.

Cashier

S T A M P S

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended: **December 31, 2012**

2. SEC Identification Number: **54106** 3. BIR Tax Identification No.: **200-751-430-000**

4. Exact name of issuer as specified in its charter:

LODESTAR INVESTMENT HOLDINGS CORPORATION
(Formerly: LODESTAR MINING CORPORATION)

5. **Philippines**
Province, Country or other jurisdiction of incorporation or organization

6. [ ] (SEC Use Only)
Industry Classification Code:

7. **7TH Floor Peaksun Bldg., 1505 Princeton St., Shaw Blvd., Mandaluyong City**
Address of principal office Postal Code

8. **(632) 920-9306**
Issuer's telephone number, including area code

8. c/o 12 Jaime St., Carmel 1, Bahay Toro, Quezon City, 1600
Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
(Par Value: ₱0.10)	
Common Shares	**740,000,000**

11. Are any or all of these securities listed on a Stock Exchange.

Yes [/] No [ ]

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange Common Shares : **640,000,000**

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [/] No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [/] No [ ]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this form. (See definition of "affiliate" in "Annex B").

The aggregate market value as at 10 April 2013 of the voting stock held by non-affiliates of the registrant is ₱ 651,167,440.

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS.

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Not Applicable

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) Any annual report to security holders;

None

(b) Any proxy or information statement filed pursuant to SRC Rule 20 and 17.1(b);

None

(c) Any prospectus filed pursuant to SRC Rule 8.1-1.

None

PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

On January 3, 1974, Lodestar Mining Corporation (now Lodestar Investment Holdings Corporation) ("LIHC" or the Company") was incorporated in the Philippines and established primarily as a mining and natural resources exploration company. The Company was engaged in the development of several gold and chromite mining claims in Masbate, Cebu, Negros Occidental and Palawan.

In 1988, the Company filed with the Securities and Exchange Commission ("SEC") an application for the increase of its capital stock to ₱50,000,000.00 divided into 50,000,000 shares with par value of ₱1.00 per share from ₱10,000,000.00 divided into 1,000,000,000 shares with par value of ₱0.01 per share. The Company also filed with the then Manila and Makati Stock Exchanges, now referred to as the Philippine Stock Exchange ("PSE") an application for the listing of the 30,000,000 common shares. On October 11, 1988, the SEC issued to the Company a Certificate of Permit to Offer Securities for Sale and rendered the Registration Statement to be effective. The Company was able to complete its initial public offering and the listing of the Company's shares was made effective on May 26, 1989.

In October 2003, the name and primary purpose of the Company were changed to reflect a change from a mining company to an investment holding company, among others. On September 23, 2003, the Board of Directors filed with the SEC the proposed amendments to the Company's Articles of Incorporation and By-laws. As an investment holding company, the Company will have flexibility in pursuing new business ventures that would enhance shareholder value over time.

On July 7, 2005, the Board of Directors approved the write-off of the aforementioned mining properties or claims in its financial statement as of June 30, 2005. The mining properties were reviewed as to impairment in accordance with SFAS 36/IAS 36: Impairment of Assets.

The Company, as an investment holding company, continues to evaluate various business opportunities that are viable, growing, and profitable business ventures. On September 26, 2008, the Board of Directors authorized the Company to enter into a Heads of Agreement with Abacus Consolidated Resources and Holdings, Inc. ("ABACON") and Musx Corporation ("Musx") for the joint acquisition by the Company and Musx of all the outstanding and issued shares of Abacus Coal Exploration and Development Corporation ("ABACOAL"). The Company and Musx have likewise entered into an Agreement for Joint Investment whereby the investment parameters for such investment into ABACOAL are set forth.

Under the Heads of Agreement and the Agreement for Joint Investment, upon completion of the transactions contemplated thereunder, Musx will own fifty five percent (55%) of the issued and outstanding capital stock of ABACOAL, while the Company will own forty five (45%) of the issued and outstanding capital stock of ABACOAL. The consideration for the sale of the issued and outstanding shares of stock of ABACOAL shall be in the form of cash and shares of stock. The cash component due from the Company amounting to Thirty Three Million Seven Hundred Fifty Thousand Pesos (₱33,750,000.00) shall be effected in staggered payments.

The Board of Directors, during its special meeting held on October 28, 2008, approved the private placement offering of 12,694,000 LIHC shares at the price of ₱ 2.50 per share. On 12 December 2008, the stockholders of the Company likewise approved the capital increase of the Company from ₱50,000,000.00 divided into 50,000,000 shares at ₱1.00 per share to ₱100,000,000.00 divided into 100,000,000 shares at ₱1.00 per share. In line with this application for capital increase, the Board of Directors of the Company, during its special meeting held on 13 March 2009, approved the private placement offering of 14,000,000 shares at the price of ₱1.20 per share. Said private placement shall fund the increase in authorized capital stock. The increase in capital and private placement will be undertaken in preparation for the stock rights offering to existing stockholders to take place immediately after the increase in capital is approved by the SEC.

On May 21, 2009, the Company executed an Amendment to the Agreement for Joint Investment with Musx Corporation. The amendment primarily consists in the assignment to the Company of Musx's fifty five percent (55%) interest in ABACOAL subject to the terms and conditions provided in the said agreement. As a result, the Company acquired the right to purchase one hundred percent (100%) of the shares of stock of ABACOAL which necessitated a bigger capital expenditure on the part of the Company.

On May 31, 2009, the Company executed a Memorandum of Agreement with Oriental Vision Mining Corporation ("Oriental") (to undertake exploration and development activities of the coal properties of ABACOAL over which the Company has controlling stake. Oriental has built a good reputation as a premiere mining operations company. Under the agreement, Oriental shall develop and operate the Coal Property and pay the Company a royalty fee of Eight Percent (8%) of gross coal price per ton based on FOB loaded to vessel payable within 45 days from receipt of payment by Oriental Vision. Oriental likewise paid the company Twenty Five Million Pesos (₱25,000,000.00) upon signing of the MOA, as and by way of reimbursement of expenses incurred by the Company in the development of the ABACOAL project.

On September 14, 2010, the Securities and Exchange Commission approved the reduction in the par value of the shares of stock of the Company from One Peso (₱ 1.00) to Ten Centavos (₱0.10), thereby, adjusting the authorized capital stock to one billion (1,000,000,000) common shares of which seven hundred forty million (740,000,000) shares have been subscribed.

On December 22, 2010, the stockholders during its annual meeting approved the proposed reduction in the par value of the shares of stock of the Company from Ten Centavos (₱0.10) per share to One Centavo (P0.01) per share resulting in a stock split of ten (10) shares for every one (1) share owned. This plan to reduce the par value of the Company's shares of stock is not yet implemented.

On April 12, 2011, the Department of Energy has issued its approval on the company's proposed 5-year work program relative to the application for conversion of Coal Operating Contract no. 148 located in Tago, Surigao del Sur from Exploration Phase to Development and Production Phase.

The Company has never been engaged in any bankruptcy, receivership or other similar proceedings. Neither has the Company undergone any material reclassification, merger, consolidation or purchase or sale of a significant amount of assets not in the ordinary course of business.

Item 2. Properties

The Company has a contracted interest in ABACOAL. Thus, the Company has a contingent and prospective ownership interest in one hundred percent (100 %) of the shares of stock of ABACOAL, a coal development company with a Coal Operating Contract over a 7,000 hectare property in Surigao del Sur.

The Company has no real properties.

Item 3. Legal Proceedings

The Company has never been a subject or party to any legal proceeding, material or otherwise. Neither is any property of the Company a subject to any legal proceeding, material or otherwise.

Item 4. Submission of Matters to a Vote of Security Holders

During the Annual Stockholders' Meeting of 22 December 2010, Stockholders representing a total of 504,033,000 shares or 68.1126% of the outstanding capital stock of the Company approved the proposed reduction in the par value of the shares of stock of the Company from Ten Centavos (₽0.10) per share to One Centavo (₽ 0.01) per share resulting in a stock split of ten (10) shares for every one (1) share owned. This plan of reduction in the par value of the shares of stock of the Company is not yet implemented.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

The principal market of the Company's shares is the PSE.

Closing market price as at April 10, 2013 is pegged at ₽ 0.88

The high and low sales prices of each quarter covering the years 2012, 2011 and 2010 are as follows:

		High	Low
2013			
	First Quarter	₽ 0.91	₽ 0.91
2012			
	First Quarter	₽ 1.49	₽ 0.76
	Second Quarter	1.28	1.02
	Third Quarter	1.33	1.01
	Fourth Quarter	0.98	0.95
2011			
	First Quarter	₽ 0.93	₽ 0.66
	Second Quarter	0.95	0.69
	Third Quarter	1.35	0.75
	Fourth Quarter	0.88	0.61
2010			
	First Quarter	₽ 0.70	0.67
	Second Quarter	0.76	0.74
	Third Quarter	0.62	0.59
	Fourth Quarter	0.81	0.71

Source: Technistock

The number of shareholders as of 31 December 2012 is 54[1]. Common shares outstanding as at 31 December 2012 are 740,000,000 shares per the records of RGFS Registry and Agency Services, Inc. The following table presents the Company's top 20 shareholders as at 31 December 31, 2012:

Name of Shareholder	Class of Security	Number of Shares	Percentage to Total
PCD Nominee Corporation-Filipino	Common	605,491,430	81.82%
Renato L. Reyes	Common	72,000,000	9.73%
Ramon L. Abad, Jr.	Common	28,000,000	3.78%
PCD Nominee Corporation- Non-Filipino	Common	27,001,000	3.65%
Jones R. Castro	Common	1,700,000	0.23%
Renato Lumague	Common	600,000	0.08%
William T. Enrile &/or William R. Enrile II &/or Nelly R. Enrile	Common	500,000	0.07%
Joel S. Diaz	Common	500,000	0.07%
Joaquin Corpus	Common	500,000	0.07%
Ross W. Garling	Common	400,000	0.05%
John T. Mesina	Common	300,000	0.04%
Jovenal Gonzalez	Common	300,000	0.04%
Jose De Peralta	Common	300,000	0.04%
Cesar Hablero	Common	160,000	0.02%
William Stone	Common	100,010	0.01%
Merlin Villanueva	Common	100,000	0.01%
Oscar Tomaneng	Common	100,000	0.01%
Sun Hung Kai Sec. (Phils.) Inc	Common	100,000	0.01%
Tomas Pusing	Common	100,000	0.01%
Malcolm Morrison	Common	100,000	0.01%

No dividends were declared by the Corporation for the period covered by this report.

Item 6. Management's Discussion and Analysis or Plan of Operation

On September 24, 2008, the Company entered into a Heads of Agreement with Music Semiconductors Corporation ("MSC") and Abacus Consolidated Resources Holdings, Inc. ("ACRHI") for the joint acquisition by the Company and MSC of al issued and outstanding shares of stock of ABACOAL, a subsidiary of ACRHI. The Company and MSC have likewise entered into an Agreement for Joint Investment whereby the investment parameters for such investment I ABACOAL were set forth. Under the same agreement, MSC will own 55% f the issued and outstanding capital stock of ABACOAL while the company will own 45% of ABACOAL.

ABACOAL is a company engaged in the commercial exploration and development of coat and is the Assignee (whereby AVRHI is the Assignor) of a Coal Operating Contract over a 7,000-hectare property located in Tago and Marihatag, Surigao Del Sur ("Coal Project"). Due diligence over the coal property has been undertaken for purposes of verifying the reserves and studying the financial viability of the Coal Project.

On May 21, 2008, the Board of Directors approved resolutions authorizing the Company to amend the Agreement for Joint between the Company and MSC whereby all the rights and interests of MSC were assigned to Lodestar.

[1] Per the records of RGFS Registry and Agency Services, Inc.

On November 3, 2010, ABACOAL and the Company further revised the terms of the Heads of Agreement. In the revised agreement, The Company shall acquire the Coal property and all the other assets and liabilities of ABACOAL by and through a merger, with the Company as the surviving entity. By virtue of said merger, the Company shall issue 250,000,000 new common shares at a par value of ₱0.10 and an agreed issue value of ₱0.90 to ABACOAL. The Company undertakes to list the said shares with the PSE. These terms and conditions shall be incorporated in a Merger Agreement and Plan of Merger which ABACOAL and the Company agree to execute at the proper time.

On April 12, 3011, the Department of Energy approved the conversion of Coal Operating Contract 148 to Development and Production phase. The proposed 5-year work program of Abacus Coal Exploration and Development Corporation (ACEDC) was evaluated and found to be technically and financially qualified to undertake development and production of coal resources located at Tago, Surigao del Sur., subject to the following terms and conditions:

1. The COC for Exploration No. 148 is converted into COC for Development and Production effective 10 January 2010 for a period of ten (10) years and thereafter renewable for series of three (3) year period not exceeding twelve (12) years under such terms and condition as may be agreed upon by the DOE and the Contractor.

2. The area subject of the COC for development and production shall cover seven (7) blocks.

3. Section IV, sub-paragraph 4.3 of COC for exploration shall be amended to provide for the development and production commitments.

4. The training component of the approved COC for development and production, shall be ₱200,000 per year cumulative during the Development and Production Phase.

5. ACEDC shall implement its health, safety and environmental protection program as well as its emergency response program, as the need arises, as approved by the DOE.

On 16 October 2012, the Board of Directors of Lodestar authorized the Chairman to sign and execute a Plan of Merger with ABACOAL. Draft copy of the Plan of Merger was presented to the Board. The following are the main obligations of the Parties under the Plan of Merger:

1. ABACOAL shall convey, assign and transfer to LODESTAR all their assets and liabilities existing as of 30 September 2012 and such assets and liabilities that may exist, now or in the future, and until the Effective Date of Merger.

2. Up until the Effective Date of Merger and in additional to the aforementioned liabilities of ABACOAL as stated in their Audited FS as of 30 September 2012, LODESTAR shall assume any and all liabilities of ABACOAL, if any.

3. LODESTAR shall issue Three Hundred Thirty Three Million Three Hundred Thirty Three Thousand Three Hundred Thirty Three (333,333,333) LODESTAR shares valued at Ninety Centavos (₱0.90) per share or a total value of Three Hundred Million Pesos (₱300,000,000.00) in favor of ACRHI, the owner of the entire issued and outstanding capital stock of ABACOAL.

During the annual stockholders' meeting of Lodestar held on 13 December 2012, the approval of the Plan of Merger with ABACOAL was not discussed for lack of the necessary votes of 2/3 majority to pass the same.

Business Plan:

Management expects that the acquisition and operation of the South Surigao Coal will still be its main business concern. Licensing and compliance with statutory requirements are primarily being undertaken. In the meantime, still in line with the primary purpose of the Company as a holdings corporation, business outlook for 2013 is geared towards expansion. Thus, the Company may again tap into various sources to look for opportunities in the mining sector. Specifics of such deals, if any, will be properly disclosed in accordance with the continuing disclosure requirements of the SEC and the PSE.

Financial Performance
In Philippine Pesos

Key Financial Indicator			
	Year 2012	Year 2011	Year 2010
Revenues	11,183	25,060	32,752
Cost and Expenses	4,327,074	4,242,497	10,883,500
Other Losses	15,724,330		
Net Income (Loss)	(20,040,222)	(4,217,437)	(10,850,748)
Current Assets	11,382,422	24,893,653	65,544,510
Current Liabilities	110,946	2,890,674	16,112,087
Total Assets	48,389,944	61,931,265	65,544,510
Total Liabilities	110,946	2,890,674	16,112,087
Stockholders' Equity	48,278,998	59,040,591	49,432,423
Current Ratio	102.59	8.61	4.07
Current Assets / Current Liabilities	11,382,422 / 110,946	24,893,653 / 2,890,674	65,544,510 / 16,112,087
Debt to Equity Ratio	0.00	0.05	0.33
Total Liabilities/Stockholders' Equity	110,946 /48,278,998	2,890,674 /59,040,591	16,112,087 /49,432,423
Return on assets	NA	NA	NA
Net Income / Total Assets			
Earnings (Loss) Per Share	(0.027)	(0.006)	(0.015)
Net Income (Loss) /No. of shares outstanding	(20,040,222)/ 740 M	(4,217,437)/ 740 M	(10,850,748)/ 740 M

Full Fiscal Years

Calendar Year 2012

For the year 2012, the Company reported interest income earned on bank accounts amounting to ₱11,183 was ₱13,877 or 55.38% lower than the interest recorded for the year 2011 of ₱ 25,060.

The ₱4.325 million operating expenses for 2012 was 2.06% or ₱ 0.087 million higher when compared to 2011. The increase was attributed to project costs incurred by the Company with regard to its investment with ABACOAL.

An increase of 114% or ₱1.817 in cash and cash equivalents from ₱1.589 million in 2011 to ₱3.406 million in 2012 was due to disposal of shares traded in the Philippine Stock Exchange.

Other current assets increased by ₱1.374 million due to net effect of the following:

1. Increase in input vat; and
2. deposit made to supplier amounting to ₱1.101 million on the exploration/ survey activities being conducted in the coal project.

An increase of ₱ 4.077 million or 100% in advances to a stockholder represent advances made by a key officer and stockholder.

Total liabilities of ₱ 0.111 million in 2012 is 96.16% or ₱ 2.780 million lower when compared to 2011 due to use of fund from deposit made by Oriental Vision Mining Philippines Corporation (ORVI) for the exploration and development activities of the coal properties of Abacoal and settlement of liabilities and liquidation of some long outstanding payables.

A net reduction of 18% or ₱10.762 million in equity is due to the following:

1. Disposal of traded shares during the year resulted to a loss amounting to ₱ 15.724 million and offset of negative revaluation of shares amounting to ₱ 9.279 million.
2. Operating expenses of ₱4.324 million incurred during the year also contributed to an increase in deficit.

There are no known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Company's liquidity increasing or decreasing in any material way.

There are no known events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligation), and other relationships of the Company with unconsolidated entities or other persons created during the year.

There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

There are no significant elements of income or loss that did not arise from the Company's continuing operations.

There are no seasonal aspects that had a material effect on the Company's financial condition or results of operations.

There are no material events and uncertainties known to management that would address the past and would have an impact on future operations of the Registrant.

Calendar Year 2011

Interest income earned on bank accounts for the year ended December 31, 2011 totaled ₱25,060, 23.48% lower than the interest recorded for the year 2010 of ₱ 32,752.

Total operating expenses for 2011 amounted to about ₱4.237 million, 61.04% or ₱ 6.639 million lower when compared to 2010. The decrease was attributed to lower management fees, legal and professional fees due to management's decision to trim down hiring of professionals in various fields beginning 2011.

Cash and cash equivalents amounted to ₱1.589 million in 2011 or an increase of ₱1.315 million when compared to 2010. The increase was due to collection of subscriptions receivable totaling ₱37.875 million and the fund was used to (a) exploration and development activities of the coal properties of Abacoal; (b) partial settlement of accounts payable and accrued expenses; (c) full payment of advances from stockholders and (d) acquisition of traded shares from open market of the PSE.

During the year, the Company has acquired a total of ₱ 7.733 million worth of traded shares from the open market of the PSE. However, the decrease in market price of the traded shares resulted to lower value by ₱ 24.049 million. This likewise resulted to a negative revaluation reserve in the equity account of ₱ 9.279 million in 2011 from positive ₱ 14.771 million in 2010.

Other current assets increased by ₱1.35 million due mainly to additional input value-added tax on management fees, legal fees, professional fees and PSE annual maintenance fees incurred in 2011.

The acquisition of one unit laptop in 2011 accounts for the increase in non-current asset.

Total liabilities of ₱ 2.891 million in 2011 is 82.06% or ₱ 13.221 million lower when compared to 2010 due to settlement of payables as discussed with cash and cash equivalents above and the use of fund from deposit made by Oriental Vision Mining Philippines Corporation (ORVI) for the exploration and development activities of the coal properties of Abacoal.

Collection of subscription receivable brought about by various capital raising activities to finance working capital requirements and general corporate purposes resulted to an increase in capital stock and additional paid-in capital by ₱ 37.875 million.

There are no known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Company's liquidity increasing or decreasing in any material way.

There are no known events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligation), and other relationships of the Company with unconsolidated entities or other persons created during the year.

There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

There are no significant elements of income or loss that did not arise from the Company's continuing operations.

There are no seasonal aspects that had a material effect on the Company's financial condition or results of operations.

There are no material events and uncertainties known to management that would address the past and would have an impact on future operations of the Registrant.

Calendar Year 2010

The Company did not earn any operational revenue since it did not have any commercial operations as of that year. Interest earned from bank accounts were reported as other income. For 2010, the Company earned ₱32,752 interest as compared to ₱30,645 in 2009.

Operating Expenses decreased primarily from ₱12.480 million in 2009 to ₱ 10.877 million in 2010 due to non recurrence of losses on sale of available-for-sale financial assets. This was offset by higher management and legal fees. This increase is due to the BOD's decision to hire employees and professionals in various fields.

The Company incurred a net loss after tax of ₱ 10.850 million primarily due to lower operating expenses incurred in 2010.

Total Assets amounted to ₱65.544 million and were all composed of current assets. Because of the decrease in market price of traded shares in the PSE, available –for-sale financial assets and revaluation reserve account in the equity section of the Balance Sheet decreased by ₱ 12.292 million

Corporate liabilities decreased by ₱11.118million or 40.83% from ₱ 27.230 million in 2009 to ₱ 16.112 million in 2010 due to (a) partial settlement of accounts payable and accrued expenses; (b) partial payment of advances from stockholders and (c) use of fund from deposit made by Oriental Vision Mining Philippines Corporation (ORVI) for the exploration and development activities of the coal properties of Abacoal.

Collection of subscription receivable brought about by various capital raising activities to finance working capital requirements and general corporate purposes resulted to an increase in capital stock and additional paid-in capital by ₱ 12.600 million.

Item 7. Financial Statements

The Company's Financial Statements together with the notes thereto are incorporated and attached to this report in its entirety.

INFORMATION ON INDEPENDENT ACCOUNTANT

Audit Fees

Punongbayan and |Araullo, has been the Company's independent auditor since 2009 up to present. Fees paid by the Company covering year 2012 amounted to ₱205,000.00, ₱198,000.00 for year 2011 and ₱ 220,000.00 in 2010.

Except for annual audit of financial statements, PNA was not commissioned to perform any special audit for the group.

Audit Committee's Approval Policies and Procedures

The Audit Committee and PNA meet to discuss its audit plan, new accounting standards for adoption by the group, timetable, professional staff assigned to perform the engagement and service fees to be charged by the auditor, among others. Before the audit report is finalized, the PNA will present with the Audit Committee and secure its approval for release of the audited financial statements.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The Company retained the External Auditors who prepared the financial statements for the calendar year ended 31 December 2011 and 2010. Thus, the financial statements and notes thereto for the calendar year ended 31 December 2012 were likewise prepared by Punongbayan & Araullo (P&A). There were no disagreements with Accountants on accounting and financial disclosure.

Pursuant to the General Requirements of SRC Rule 68, Section 3.b.iv (Qualifications of Independent Auditors), the external auditors shall be rotated every after five (5) years of engagement. In case of a firm, the signing partner shall be rotated every after said period. The Company is in compliance with SRC Rule 68, Section 3.b.iv.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

The Company's Board of Directors is responsible for the over-all management and direction of the Company. The Board meets to review and monitor the Company's future plans. Each Board member serves for a term of one year and until his successor is duly elected and qualified.

The following table presents the members of the Board of Directors and Officers as at 13 December 2012:

Name	Age	Nationality	Present Position	Date Elected and / or Appointed
Antonio V.F. Gregorio III	40	Filipino	Director and Chairman	May 15, 2009 as Director and Dec. 13, 2012 as Chairman
Chi Ho Co	40	Filipino	Director and President	Sept. 22, 2008 as Director and Dec. 13, 2012 as President
Leonardo S. Gayao	66	Filipino	Director	December 22, 2010
Venus L. Gregorio	43	Filipino	Corporate Secretary and Corporate Information Officer	December 13, 2012
Jose Francisco Miranda	35	Filipino	Director, CFO and Treasurer	December 13, 2012
Manuel Acenas	67	Filipino	Director	December 13, 2012
Eduardo Mañalac	65	Filipino	Independent Director	December 13, 2012
Felixes Latonero	38	Filipino	Independent Director	April 13, 2011

The following information is furnished with respect to each incumbent director and officer of the Company, with their respective ages, citizenship, and past business experiences from the last five years:

ANTONIO VICTORIANO F. GREGORIO III, 40, Filipino/ Director/ Chairman/ Chairman, Nomination Committee/ Member, Audit Committee

Atty. Antonio Gregorio III graduated Second Honors, with a Juris Doctor from the Ateneo de Manila University in 1998 and passed the bar examinations of 1998. He also has a Bachelor of Science Major in Management Engineering and a Bachelor of Arts, Major in Economics-Honors, both from the Ateneo de Manila University, Magna Cum Laude. He was a valedictorian of his high school class in the Ateneo. Atty. Gregorio is a Partner at Gregorio Law Offices and sits as director and officer of various public and private companies, including Asiabest Group International Inc. (Chairman and President from 2011 to present and Corporate Secretary/ Director from 2008 to 2011), NiHAO Mineral Resources International, Inc., (Chairman and President from 2012 to present) Dizon Copper-Silver Mines (Treasurer/Director from 2012 to present), Abacus Consolidated Resources and Holdings, Inc.,(Director, 2009 to present), GNA Resources International Limited (2011 to present), Cuervo Far East, Inc.(Corporate Secretary/Director, 2005 to present), Alta Minera, Inc., Breccia Resources, Inc., and Millionaire's Offices and Properties, Inc. (Chairman, 2011 to present), Beaver Q Corporation and Barnyard Realty Corporation (Corporate Secretary, 2002 to present), Big Herald Link International Corporation (Corporate Secretary/Treasurer/Director, 2004 to present), Tajima Yakiniku, Inc. (Director, 2005 to present), Tanba Yakiniku, Inc. (Treasurer/Director, 2011 to present) , 4A9T Scholarship foundation, Inc. (Corporate Secretary/Trustee from 1999 to present) and World Wide Manpower Overseas, Inc. (President/Director, 2007 to present). He was formerly the Corporate Secretary/Director of the following companies, Active Earnings, Inc. (2003 to 2011), Buddybuds, Inc. (2003 to 2011), Cangoc, Inc. (2002 to 2011), Carellan, Inc. (2003 to 2011), Cuisine Allurements, Inc. (2002 to 2011), Grand Pin Development Corporation (2004 to 2011), Hobbiton, Inc. (2003 to 2011), Pinecrest Realty Corporation (2003 to 2011); Treasurer/ Director of Carom, Inc. (2003 to 2011), Los Boldos, Inc. (2003 to 2011) and Onion and Chives, Inc. (2003 to 2011), Corporate Secretary of JMARR Realty, Inc. (2002 to 2011), PPARR Management and Holdings Corporation (2004 to 2010) , Cuervo Appraisers, Inc. (2007 to 2009) and RF Cuervo, Inc. (2003 to 2008); Asst. Corporate Secretary/Treasurer/Director of Weathertop, Inc. from 2004 to 2011 and former Director of Musx Corporation from 2007to 2010 and Outsource Leverage Systems International, Inc. (Corporate Secretary/Director, 2004 to 2009).

CHI HO CO, 40, Filipino/ Director and President/ Member, Audit Committee/ Member, Nomination Committee.

Mr. Chi Ho Co is a businessman who currently serves as Director and Officer of various publicly listed and private companies including Asiabest Group International Inc. (2011 to present), Hightower, Inc. of which he is the President (2003 to present), Glomedic Philippines, Inc. (Chairman, 2004 to present), Banquets in Style, Inc.(Chairman, 2003 to present), Cavite Apparel Corporation (VP, 1998 to present), Subic Bay Apparel Corporation (VP, 1998 to present), Julia Realty & Development Corp. (Treasurer, 2006 to present), Edgeport Properties, Inc. (Treasurer/Secretary, 2006 to present), Fasttrack Realty & Development, Inc. (Chairman, 2004 to present) and CAC Motors Corp. (President, 2002 to present) among other companies.

LEONARDO S. GAYAO, 66, Filipino/ Director/ Member, Remuneration Committee

Atty. Gayao is currently the Director/President of Philippine Regional Investment Development Corporation (1995 to present), President/Director of Abacus Consolidated Resources & Holdings, Inc. (2009 to present) and Director of Pacific Online Systems Corporation (2007 to present),President/Director of Blue Stock Development Farms, Inc. (2009 to present), Chairman of Omnincor Industrial Estate & Realty Center, Inc. (2009 to present), Director of Rural Bank of Batangas, Inc.(1997 to present), Director of Abacus Global Technovisions, Inc.(1993 to present), Director/Corporate Secretary Click Communications, Inc.(1997 to present) , Chairman of Batangan Plaza, Inc.(1996 to present) , and Director of Alpha Asia Hotels and Resorts, Inc.(1991 to present). He is formerly the President of Abacus Consolidated Resources & Holdings, Inc. and Blue Stock Development Farms, Inc. He was former president of Omnicor Industrial Estate & Realty Center, Inc. He finished his Bachelor of Laws degree from San Beda College and his Bachelor of Arts degree from Manuel L. Quezon University. He is a member of Philippine Bar and the Integrated Bar of the Philippines.

VENUS L. GREGORIO, 43, Filipino/ Corporate Information Officer/ Corporate Secretary

Atty. Gregorio graduated with a Juris Doctor from the Ateneo de Manila University in 1998 and passed the bar examinations in 1999. She has a Bachelor of Arts degree major in Political Science from the University of the Philippines. Atty. Gregorio is a Partner at Gregorio Law Offices and sits as Corporate Secretary and Corporate Information Officer of Asiabest Group International Inc. (2011 to present) and Assistant Corporate Information Officer and Assistant Corporate Secretary of Dizon Copper-Silver Mines, Inc. Asst. Corporate Secretary/Director of Cuervo Far East, Inc. (2005 to present), and Corporate Secretary of Tajima Yakiniku Inc. (2005 to present). She was formerly a Director of Active Earnings Inc. (2003 to 2011), Carellan, Inc. (2003 to 2011), Carom, Inc. (2003 to 2011), Grand Pin Development Corporation (2004 to 2011), Hobitton, Inc. (2003 to 2011) and Weathertop, Inc. (2004 to 2011); Corporate Secretary of Cuisine Allurements, Inc. (2002 to 2011), Los Boldos, Inc. (2003 to 2011) , Onion and Chives, Inc. (2003 to 2011) and Corporate Secretary of RF Cuervo, Inc. (2007 to 2008).

JOSE FRANCISCO MIRANDA, 35, Filipino/ Director

Mr. Miranda was elected Director of the Company on 13 December 2012 and became a member of the Remuneration Committee on the same date. He is currently the Company's Chief Financial Officer and Treasurer. He graduated from the University of the Philippines, Diliman, Quezon City, with a degree in B. S. Geodetic Engineering He sits as a director and officer of various public and private corporations including Geograce Resources Philippines, Inc., Dizon-Copper Silver Mines, Inc., NiHAO Mineral Resouces International, Inc. among others.

MANUEL G. ACENAS, 67, Filipino/ Director

Mr. Acenas was elected Director of the Company on 13 December 2012. He is a Philippine registered geologist currently working as a mineral exploration and geological consultant for various companies. He was a Senior Geologist for Eldore Mining Corp. . Ltd. in Australia from 2005 to 2008 and in the Philippines from 2008 to 2011. Mr. Acenas graduated with a Bachelor of Arts Major in Geology from the Adamson University in 1969.

EDUARDO V. MANALAC, 65, Filipino/ Independent Director

Mr. Mañalac was elected Independent Director of the Company on 13 December 2012 and became the Chairman of Audit and Remuneration Committees on the same date. He attended the University of the Philippines, Diliman where he received a Bachelor of Science Degree in Geology in 1967 and his post-graduate studies in petroleum geology in 1969. His professional career spans 35 years of experience in international petroleum exploration and production, management, acreage acquisition, production sharing contracts and other joint venture negotiations. He is currently the President of TransEnergy International Limited, Non-executive director of Nido Petroleum Limited, Non-executive director of Basic Energy Corporation and Non-Executive Director and Chairman of Wellex Industries. He was President and CEO of the Philippine Naitonal Oil Company from 2004-2006.

FELIXES G. LATONERO, 38, Filipino/ Independent Director.

Mr. Latonero is currently the President of Nontrad Advertising and FGL Modular Cabinet System, Inc. He was an Art Director at Eat Bulaga (TAPE) from 2000-2003, and Art Director of ABS-CBN Corporation from 1995-1998.

Family Relationships

Atty. Antonio Victoriano F. Gregorio III and Atty. Venus L. Gregorio are spouses.

Other than the relationship disclosed above, the company is not aware of any other family relationships up to the fourth civil degree, either by consanguinity or affinity, among the directors and officers of the Company.

Involvement in Certain Legal Proceedings

The Company is not aware of:

(a) any bankruptcy petition filed by or against any business or which any director or member of senior management was a general partner or executive officer either at the time of bankruptcy or within two years prior to that time;

(b) any conviction by final judgment, of any director or member of senior management, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

(c) of any director or member of senior management being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign permanently or temporarily enjoining, barring, suspending or otherwise limiting such director's or member of senior management's involvement in any type of business, securities, commodities or banking activities; and

(d) any director or member of senior management being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self regulatory been reversed, suspended, or vacated, during the last five (5) years up to the date of filing.

Item 10. Executive Compensation

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Amount of Compensation
	2013 (est)	993,382
Antonio V.F. Gregorio III, Chairman (1) Chi Ho Co, President (2) Jose Francisco Miranda, CFO (3) No other officers receiving compensation as a group		sum of the aggregate annual cash compensation of the named executives
	2012	1,237,827
Antonio V.F. Gregorio III, Chairman (1) Chi Ho Co (2) Jose Francisco Miranda (3) No other officers receiving compensation as a group		sum of the aggregate annual cash compensation of the named executives
	2011	1,171,160
Antonio V.F. Gregorio III, Chairman (1) Chi Ho Co, President (2) Jose Francisco Miranda, COO (3) No other officers receiving compensation as a group		sum of the aggregate annual cash compensation of the named executives
	2010	1,266,454
Antonio V.F. Gregorio III, Chairman (1) Chi Ho Co, President (2) Jose Francisco Miranda, COO (3) No other officers receiving compensation as a group		sum of the aggregate annual cash compensation of the named executives

(1) No compensation for services rendered
(2) Starting Feb.2013, no compensation for services rendered. Prior to Feb 2013, compensation in the form of management fees subject to expanded withholding tax. Resigned as Treasurer and was elected President on 16 October 2012.
(3) Compensation as Treasurer and CFO. Appointed as Treasurer on 12 November 2012. Prior to appointment, he was the COO.

- **Compensation of Directors**

  Other than a minimal per diem in the amount of ₱5,000.00 for each Board meeting attended, the Directors of the Company are not compensated, directly or indirectly, for any services provided as such including committee participation or any special assignments.

- **Employment Contracts and Termination of Employment and Change-in-control Arrangement**

  There are no special arrangements as to the employment contract of any executive officer such that said officer will be compensated upon his resignation, retirement or other termination from the Company or its subsidiaries, or as may result from a change-in-control except as provided by law.

- **Warrants and Options Outstanding**

  There are no outstanding warrants and options outstanding held by the Company's President, the named executive officers and all officers and directors as a group.

Item 11. Security Ownership of Certain Record and Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners

The following are the owners of record of more than five percent (5%) of the Company's outstanding capital stock, the number of shares and percentage of shareholdings of each of them as of 31 December 2012.

Type of Class	*Name, address of owner and relationship with issuer*	*Name of Beneficial Owner and Relationship with Record Owner*	*Citizenship*	*Amount of Ownership*	*Percent of Class*
Common	*PCD Nominee Corporation*	*Various Owners* 1. Abacus Securities Corporation – 82,194,900 (11.11%) 2. King's power Securities - 66,620,000 (9.00%) 3. Tower Securities Inc.- 38,972,000 (5.27%)	*Filipino*	*592,083,930**	*80.01%*
Common	*Renato Reyes*		*Filipino*	*85,407,500***	*11.54%*

**Excludes 13,407,500 shares owned by Mr. Reyes*
***Includes 13,407,500 shares already with PCD*

Security Ownership of Management

The following are the number of common shares owned of record by the directors and executive officers of the Company and the percentage of shareholdings of each of them, as of December 31, 2012:

Title of Securities	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership (D) direct/ (I) indirect	Citizenship	Percent of Class
Common	Antonio V.F. Gregorio III Chairman and Director	10,000 (Direct)	Filipino	0.000%

Title of Securities	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership (D) direct/ (I) indirect	Citizenship	Percent of Class
Common	Chi Ho Co President and Director	10,000 (Direct)	Filipino	0.00%
Common	Leonardo S. Gayao Director	1,000 (Direct)	Filipino	0.00%
Common	Jose Francisco Miranda Director, CFO and Treasurer	2,000 (Direct)	Filipino	0.00%
Common	Manuel Acenas Director	2,000 (Direct)	Filipino	0.00%
Common	Eduardo Mañalac Independent Director	2,000 (Direct)	Filipino	0.00%
Common	Felixes Latonero Independent Director	10,000 (Direct)	Filipino	0.00%
Common	Venus L. Gregorio Corporate Secretary and Corporate Information Officer	10,000 (Indirect) From Antonio V.F. Gregorio	Filipino	0.00%
	Aggregate for above named Officers and Directors	37,000		0.00%

Changes in Control

No arrangements are in place, which may result in a change in the control of the Company.

Item 12. Certain Relationships and Related Transactions

The Company extend advances to a stockholder amounting to ₱5,798,661 as of December 31, 2012. These advances are non-interest bearing.

The Company obtains short-term and non interest-bearing advances from stockholders for working capital requirements. Total advances amounted to NIL and ₱1,050,000 as of December 2011 and 2010, respectively.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

(i) The evaluation system established by the Company to measure or determine the level of compliance of the Board of Directors and top-level management with its Manual of Corporate Governance.

The Corporation complied with the appropriate performance self-rating assessment and performance evaluation system to determine and measure compliance with corporate governance

(ii) Measures being undertaken by the Company to fully comply with the adopted leading practices on good corporate governance.

Some of the Board of Directors are yet to attend a 2-day seminar on Corporate Governance and are planning to attend at the earliest schedule offered by the SEC

(iii) Any deviation from the Company's Manual of Corporate Governance. It shall include a disclosure of the name and position of the person/s involved, and the sanctions imposed on said individual.

The Company does not know of any deviation from its Manual of Corporate Governance.

(iv) Any plan to improve corporate Governance of the Company.

The Board of Directors will study the need to improve the corporate governance of the Company.

In compliance with the Securities and Exchange Commission Memorandum Circular No. 2 dated April 5, 2002; a certification was issued and submitted by the Company on 15 January 2013.

PART V – EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

(a) Exhibits

None.

(b) Reports on SEC Form 17-C

The following SEC Form 17-C (Current Reports) have been filed by the Company during the last twelve-month period covered by this report on the dates mentioned hereunder:

Date of Event Reported	*Event Reported*
April 18, 2012	(1) Postponement of the Annual Meeting scheduled to be held on the second Thursday of May per the By-Laws of the Corporation and calling of the Annual Stockholders Meeting including determination of the venue and preparation of necessary reports to shareholders. The Chairman has likewise been authorized to move the meeting date as may be justified by logistical and other compliance requirements. (2) Authorization for Increase of the authorized capital stock of the Company from One hundred million pesos (₱ 100,000,000.00) divided into One billion shares (1,000,000,000) at Ten Centavos (₱0.10) per share to Two Hundred Million Pesos (₱200,000,000.00) divided into Two billion (2,000,000,000) shares at Ten Centavos (₱0.10) per share. This shall be the first tranche of capital increase being undertaken per the approval of the shareholders during the 17 December 2009 stockholders' meeting. (3) Approval for issuance of Five Hundred Million Shares out of and to support the Company's increase in authorized capital stock using the subscription of the investors who will subscribe to the shares of the Company via private placement at the subscription price of Seventy centavos (₱0.70) per share. (4) Approval of the increase in the number of directors of the Company from seven (7) to nine (9) directors and amendments of the Articles of Incorporation and By-laws of the Corporation reflecting said change. (5) Creation of at least two (2) subsidiaries to engage in the businesses of management consultancy and mining which subsidiaries maybe used by the Company for the expansion of its investments and acquisition of interest in the fields of finance and mining development.
April 19,2012	Correction of item (2) above: Authorization for Increase of the authorized capital stock of the Company from One hundred million pesos (₱ 100,000,000.00) divided into One billion shares (1,000,000,000) at Ten Centavos (₱0.10) per

	share to Three Hundred Million Pesos (₱300,000,000.00) divided into Two billion (3,000,000,000) shares at Ten Centavos (₱0.10) per share. This shall be the capital increase being undertaken per the approval of the shareholders during the 17 December 2009 stockholders' meeting. .
October 16, 2012	(1) Resignation of Mr. Jerry Angping as Chairman and President of the Company. (2) Resignation of Mr. Chi Ho Co as Treasurer, Atty. Antonio Gregorio III as Corporate Secretary and of Atty. Venus Gregorio as Assistant Corporate Secretary of the Corporation. (3) Election of Mr. Chi Ho Co as President of the Company. (4) Election of Atty. Antonio V. F. Gregorio as Chairman of the Company. (5) Election of Atty. Venus L. Gregorio as Corporate Secretary of the Company. (6) Calling of the Annual Stockholders' Meeting of Lodestar Investment Holdings Corporation in December 2012 at a day and in a venue to be determined by the Chairman. Details of the meeting will be announced via the proper disclosure. (7) Authorization upon the Chairman to sign and execute a Plan of Merger with Abacus Coal Exploration and Development Corporation. The draft of the plan of Merger will be disclosed in the Information Statement for the Annual Stockholders' meeting for purposes of submitting the same to the approval of shareholders.
October 30, 2012	Board of Directors approval of the appointment of Mr. Antonio Victoriano F. Gregorio III as Chairman, Mr. Chi Ho Co and Mr. Felixes Latonero as members of the Nominations Committee of the Corporation.
November 28, 2012	Adoption of Audit Committee Charter and plan to comply with Guidelines for the Assessment of the Performance of Audit Committees of the companies listed on the Exchange pursuant to SEC memorandum Circular No. 4, Series of 2012.
December 13, 2012	The following resolutions, items and matters were approved without objection by the stockholders

representing a total of 370,790,986 shares or 50.10% of the outstanding and issued and capital stock of the Corporation during the annual meeting of the stockholders of Lodestar Investment Holdings Corporation held at 1PM at AIM Conference Center In Makati:

(1) Approval of Minutes of the Annual Stockholders' Meeting held on 22 December 2010.
(2) Annual report of the President and Management.
(3) Adoption of the Audited Financial Statements for years ended 31 December 2011 and 2010.
(4) Ratification of all acts of the Board of Directors and Management for the period covered from 22 December 2010 to 13 December 2012.
(5) Appointment of Punongbayan and Araullo as the Company's External Auditor.
(6) The stockholders elected the following Directors of Lodestar to serve as such for the ensuing year and until the election and qualification of their successors:

1. Antonio V. F. Gregorio III
2. Chi Ho Co
3. Leonardo S. Gayao
4. Jose Francisco Miranda
5. Manuel G. Acenas

Independent Directors

6. Felixes Latonero
7. Eduardo Mañalac

(7) In the organizational Meeting of the Board of Director immediately succeeding the shareholders' meeting, the following were elected officers of Lodestar to serve as such for the ensuing year and until the election and qualification of their successors:

a) Chairman - Antonio V.F. Guerrero III
b) President – Chi Ho Co
c) CFO/ Treasurer - Jose Francisco Miranda
d) Corporate Secretary/ Corporate Information Officer – Venus L. Gregorio

(8) The following persons were likewise appointed to the following Committee memberships:

Audit Committee:
Chairman - Eduardo Mañalac
Members - Antonio V.F. Gregorio II
Chi Ho Co

Nomination Committee:
Chairman - Antonio V.F. Gregorio III
Members - Chi Ho Co
Felixes Latonero

Remuneration Committee
Chairman - Eduardo Mañalac
Members - Leonardo S. Gayao
Jose Francisco Miranda

December 14, 2012	Additional information during the annual stockholders' meeting:

(1) The 9th item of the Agenda (Approval of the Plan of Merger with Abacus Coal Exploration and Development Corporation) was not discussed during the meeting for the lack of the necessary votes of 2/3 majority to pass the same.
(2) Likewise, the 10th item in the Agenda (Approval of the increase of the number of Directors from (7) to (09) was not discussed during the meeting for lack of the necessary 2/3 votes majority to approve the same.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in QUEZON CITY on April APR 1 1 2013 2013.

By:

ANTONIO VICTORIANO F. GREOGRIO III
Chairman of the Board

CHI HO CO
President

JOSE FRANCISCO MIRANDA
CFO/ Treasurer

VENUS L. GREGORIO
Corporate Secretary

SUBSCRIBED AND SWORN to before me this APR 1 1 2013 day of April 2013 affiants exhibiting to me

Name	ID No.	Issued on/at
Antonio V.F. Gregorio III	TIN 201-897-602	
Chi Ho Co	TIN 167-858-435	
Jose Franciso Miranda	TIN 291-271-321	
Venus Gregorio	TIN 181-964-522	

Notary Public

ATTY. JOEL G. GORDOLA
NOTARY PUBLIC
NOTARIAL COMMISSION NO. 066
COMMISSION EXPIRES DEC. 31, 2013
PTR NO. 7561083, 1/02/2013, Q.C.
IBP NO. 834489, 1/02/2013, Q.C.
ROLL OF ATTORNEY NO. 25103

Doc. No. : 465
Page No. : 93
Book No. : 77
Series of 2013.

Lodestar Investment Holdings Corporation
List of Supplementary Information
December 31, 2012

Lodestar Investment Holdings Corporation
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2012

			Deductions		*Ending Balance*		
Name and Designation of Debtor	*Balance at Beginning of Year*	*Additions*	*Amounts Collected*	*Amounts Written-off*	*Current*	*Non - Current*	*Balance at End of Year*
Mr. Chi Ho Co							
President							
Advances to a stockholder	P -	P 24,069,208	P 19,992,436	P -	P 4,076,772	P -	P 4,076,772

In 2012, the Company grants non-interest bearing advances to a stockholder for working capital purposes. The advances to the stockholder are unsecured and are demandable anytime. These advances are generally settled in cash.

Lodestar Investment Holdings Corporation
Schedule C - Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
December 31, 2012

Name of Related Party	*Balance at Beginning of Period*	*Additions*	*Amount collected*	*Amounts written off*	*Current*	*Non-current*	*Balance at end of period*

N/A

Lodestar Investment Holdings Corporation
Schedule D - Intangible Assets - Other Assets
December 31, 2012

Description	*Beginning Balance*	*Additions at costs*	*Charged to Cost and Expenses*	*Charged to Other Accounts*	*Other Changes Additions (Deductions)*	*Ending Balance*

N/A

Schedule E - Long-term Debt
December 31, 2012

Title of Issue and Type of Obligation	*Amount Authorized by Indenture*	*Amount Shown Under Caption "Current Portion of Long-term Debt" in Related Balance Sheet*	*Amount Shown Under Caption "Long-term Debt" in related Statement of Condition*

N/A

Schedule F - Indebtedness to Related Parties (Long-term Loans from Related Companies)
December 31, 2012

Name of Related Party	*Balance at Beginning of Year*	*Balance at End of Year*

N/A

Lodestar Investment Holdings Corporation
Schedule G - Guarantees of Securities of Other Issuers
December 31, 2012

Name of Issuing Entity of Securities Guaranteed by the Company for which This Statement is Filed	*Title of Issue of Each Class of Securities Guaranteed*	*Total Amount Guaranteed and Outstanding*	*Amount Owned by Person for which This Statement is Filed*	*Nature of Guarantee*

N/A

Lodestar Investment Holdings Corporation
Schedule H - Capital Stock
December 31, 2012

				Number of Shares Held by		
Title of Issue	*Number of Shares Authorized*	*Number of Shares Issued and Outstanding as Shown Under Related Balance Sheet Caption*	*Number of Shares Reserved for Options, Warrants, Conversion and Other Rights*	*Related Parties*	*Directors, Officers and Employees*	*Others*
Common shares	1,000,000,000	740,000,000	-	-	37,000	739,963,000

Lodestar Investment Holdings Corporation
Reconciliation of Retained Earnings Available for Dividend Declaration
December 31, 2012

DEFICIT AT BEGINNING OF YEAR	(P 72,395,639)
Loss actually incurred during the year	(20,040,221)
DEFICIT AT END OF YEAR	(P 92,435,860)

LODESTAR INVESTMENT HOLDINGS CORPORATION
Map Showing the Relationship Between the Company and its Related Entities
December 31, 2012

N/A

LODESTAR INVESTMENT HOLDINGS COPRPORATION
Schedule of Philippine Financial Reporting Standards and Interpretations Adopted by the Securities and Exchange Commission and the Financial Reporting Standards Council as of December 31, 2012

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements		✓		
Conceptual Framework Phase A: Objectives and Qualitative Characteristics		✓		
Practice Statement Management Commentary			✓	
Philippine Financial Reporting Standards (PFRS)				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters	✓		
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters	✓		
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters	✓		
	Amendments to PFRS 1: Government Loans* *(effective January 1, 2013)*			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities* *(effective January 1, 2013)*			✓
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures* *(effective January 1, 2015)*			✓
PFRS 8	Operating Segments			✓
PFRS 9	Financial Instruments *(effective January 1, 2015)*			✓
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures* *(effective January 1, 2015)*			✓
PFRS 10	Consolidated Financial Statements* *(effective January 1, 2013)*			✓
	Amendments to PFRS 10: Transition Guidance* *(effective January 1, 2013)*			✓
	Amendments to PFRS 10: Investment Entities* *(effective January 1, 2013)*			✓
PFRS 11	Joint Arrangements* *(effective January 1, 2013)*			✓
	Amendments to PFRS 11: Transition Guidance* *(effective January 1, 2013)*			✓
PFRS 12	Disclosure of Interests in Other Entities* *(effective January 1, 2013)*			✓
	Amendments to PFRS 12: Transition Guidance* *(effective January 1, 2013)*			✓
	Amendments to PFRS 12: Investment Entities* *(effective January 1, 2013)*			✓
PFRS 13	Fair Value Measurement* *(effective January 1, 2013)*			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Philippine Accounting Standards (PAS)				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
PAS 17	Leases			✓
PAS 18	Revenue	✓		
PAS 19	Employee Benefits			✓
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures			✓
PAS 19 (Revised)	Employee Benefits* *(effective January 1, 2013)*			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates			✓
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs			✓
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27	Consolidated and Separate Financial Statements			✓
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in Subsidiary, Jointly Controlled Entity or Associate			✓
PAS 27 (Amended)	Separate Financial Statements* *(effective January 1, 2013)*			✓
	Amendments to PAS 27 (Amended): Investment Entities* *(effective January 1, 2013)*			✓
PAS 28	Investments in Associates			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures* *(effective January 1, 2013)*			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 31	Interests in Joint Ventures			✓
PAS 32	Financial Instruments: Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendment to PAS 32: Classification of Rights Issues	✓		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities* *(effective January 1, 2014)*			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
PAS 36	Impairment of Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions	✓		
	Amendments to PAS 39: The Fair Value Option	✓		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC 9 and PAS 39: Embedded Derivatives	✓		
	Amendment to PAS 39: Eligible Hedged Items	✓		
PAS 40	Investment Property			✓
PAS 41	Agriculture			✓
Philippine Interpretations - International Financial Reporting Interpretations Committee (IFRIC)				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease			✓
IFRIC 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29, Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives**	✓		
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives**	✓		
IFRIC 10	Interim Financial Reporting and Impairment	✓		
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC - 14, Prepayments of a Minimum Funding Requirement and their Interaction			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners	✓		
IFRIC 18	Transfers of Assets from Customers	✓		
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments**	✓		
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine* *(effective January 1, 2013)*			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Philippine Interpretations - Standing Interpretations Committee (SIC)				
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-12	Consolidation - Special Purpose Entities			✓
	Amendment to SIC - 12: Scope of SIC 12			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders**	✓		
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services**			✓
SIC-32	Intangible Assets - Web Site Costs			✓

* These standards will be effective for periods subsequent to 2012 and are not early adopted by the Company.

** These standards have been adopted in the preparation of financial statements but the Company has no significant transactions covered in both years presented.

LODESTAR INVESTMENT HOLDINGS CORPORATION
Map Showing the Relationship Between the Company and its Related Entities
December 31, 2012

N/A

LODESTAR INVESTMENT HOLDINGS CORPORATION
Key Performance Indicators
December 31, 2012

		2012	2011	2012	2011
a.)	Current Ratio				
	Current Assets / Current Liabilities	P 11,382,422 / 110,946	P 24,893,653 / 2,890,674	102.59	8.61
b.)	Quick Ratio				
	Cash / Current Liabilities	3,406,425 / 110,946	1,589,125 / 2,890,674	30.70	0.55
c.)	Debt-to-equity Ratio				
	Debt / Equity	110,946 / 48,278,998	2,890,674 / 59,040,591	0.00	0.05
d.)	Book value per share				
	Equity / No. of Shares Outstanding	48,278,998 / 740,000,000	59,040,591 / 740,000,000	0.07	0.08
e.)	Net Profit Margin				
	Not applicable. The Company is in a net loss position in 2012 and 2011 since it has not yet started its commercial operations.				
f.)	Asset to Equity Ratio				
	Asset / Equity	48,389,944 / 48,278,998	61,931,265 / 59,040,591	1.00	1.05
g.)	Interest Rate Coverage Ratio				
	Not applicable. The Company has no borrowings in 2012 and 2011.				
h.)	Gross Profit Margin				
	Not applicable. The Company has no revenue in 2012 and 2011 since it has not yet started its commercial operations.				

ANNEX 'C'

COVER SHEET

5 4 1 0 6

S.E.C. Registration Number

L O D E S T A R   I N V E S T M E N T   H O L D I N G S

C O R P O R A T I O N

(Company's Full Name)

1 2   J A I M E   S T .   C A R M E L   I

B A H A Y   T O R O   Q U E Z O N   C I T Y

(Business Address: No. Street City / Town / Province)

VENUS L. GREGORIO	920-9306
Contact Person	Company Telephone Number

1 2 / 3 1	Form 17-Q1-2013	
Month *Day*	FORM TYPE	*Month* *Day*
Fiscal Year		Annual Meeting

Secondary License Type, If Applicable

C R M D

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

Remarks = pls. Use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the quarterly period ended: **March 31, 2013**

2. SEC Identification Number: **54106** 3. BIR Tax Identification No.: **200-751-430-000**

4. Exact name of issuer as specified in its charter:
LODESTAR INVESTMENT HOLDINGS CORPORATION

5. **Philippines**
Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
Industry Classification Code:

7. **12 Jaime Street, Carmel I, Bahay Toro, Quezon City** **1106**
Address of principal office Postal Code

8. **(632) 920-9306**
Issuer's telephone number, including area code

9.
Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
(Par value: P0.10)	
Common Shares (issued)	**740,000,000**[1]
Common Shares (authorized)	**1,000,000,000**

11. Are any or all of these securities listed on a Stock Exchange.

Yes [/] No [ ]

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange Common Shares : 640,000,000

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

[1] Number of issued and outstanding shares based on the records of the Stock and Transfer Agent.

Yes [/] No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [/] No [ ]

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

See attached "Annex A"

The Company's consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

This Financial Statements meeting the requirements of SRC Rule 68, is furnished as specified therein.

In this interim period:

a) There is no known trend, event or uncertainty that has or is reasonably likely to have a negative impact on the Company's short-term or long-term liquidity. The Company is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring the Company to make payments;

b) There are no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;

c) There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period;

d) There are no material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures;

e) There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations;

f) There are no significant elements of income or loss that did not arise from the Company's continuing operations;

h) No seasonal or cyclical factor that affected this quarter's interim operations.

Item 2. Management's Discussion and Analysis (MD&A) or Plan of Operations

Plan of Operation

Part III, Paragraph (A) of Annex "C" of the Securities Regulation Code under Rule 12 states that the information under subparagraph (2) thereof is required for companies that are operational and had revenues from its operations. In this light, the foregoing information only tackles Part III, Paragraph (A) (1) of Annex "C", insofar as applicable.

On April 12, 2011, the Department of Energy approved the conversion of Coal Operating Contract 148 to Development and Production phase. The proposed 5-year work program of Abacus Coal Exploration and Development Corporation (ABACOAL) was evaluated and found to be technically and financially qualified to undertake development and production of coal resources located at Tago, Surigao del Sur., subject to the following terms and conditions:

1. The COC for Exploration No. 148 is converted into COC for Development and Production effective 10 January 2010 for a period of ten (10) years, and should there be remaining mineable reserves, extendible for another ten (10) years and thereafter renewable for series of three (3) year periods not exceeding twelve (12) years under such terms and condition as may be agreed upon by the DOE and the Contractor.

2. The area subject of the COC for development and production shall cover seven (7) blocks.

3. Section IV, sub-paragraph 4.3 of COC for exploration shall be amended to provide for the development and production commitments.

4. The training component of the approved COC for development and production shall be ₱ 200,000.00 per year cumulative during the Development and Production Phase.

5. ABACOAL shall implement its, health, safety and environmental protection program as well as its emergency response program, as the need arises, as approved by the DOE.

Upon commencement of the operations of the Project and/or identification of other profitable Projects for the Company, the capital restructuring and fund raising activities approved by the Board of Directors and shareholders of the Company may be implemented.

By way of background, on September 24, 2008, the Company entered into a Heads of Agreement with Music Semiconductors Corporation ("MSC") and Abacus Consolidated Resources Holdings, Inc. ("ACRHI") for the joint acquisition by the Company and MSC of all issued and outstanding shares of stock of ABACOAL, a subsidiary of ACRHI. The Company and MSC have likewise entered into an Agreement for Joint Investment whereby the investment parameters for such investment in ABACOAL were set forth. Under the same agreement, MSC will own 55% of the issued and outstanding capital stock of ABACOAL while the Company will own 45% of ABACOAL.

ABACOAL is a company engaged in the commercial exploration and development of coal and is the Assignee (whereby ACRHI is the Assignor) of a Coal Operating Contract over a 7,000-hectare property located in Tago and Marihatag, Surigao del Sur ("Coal Project"). Due diligence over the coal property has been undertaken for purposes of verifying the reserves and studying the financial viability of the Coal Project.

On May 21, 2008, the Board of Directors approved resolutions authorizing the Company to amend the Agreement for Joint Investment dated September 24, 2008 between the Company and MUSX Corporation. The subject amendment will result in the assignment to the Company of MUSX's 55% interest and participation in the Abacoal Investment subject to the payment of the following: (1) ₱12 million by way of reimbursement of expenses made by MUSX in the Abacoal Investment upon the signing of the amendment; (2) a second tranche of ₱10 million by way of reimbursement of the remainder of expenses and payments made by MUSX in the Abacoal Investment, payable on or before December 31, 2009 or on such later date as may be agreed upon by the parties, with the option to convert this payment to equivalent number of new shares to be issued by the Company to MUSX based on the closing price of the Company's shares on the date of the exercise by MUSX of the option; and (3) 0.25% of the gross coal price per ton based on FOB loaded to vessel, payable within five (5) days from receipt of payments by the Company therefore, as MUSX royalties in the Abacoal Investment during the first five years of operations. Advanced royalties may be agreed upon on a discounted basis depending on the initial operations of the Abacoal Investment.

Any and all receivables of MSC from the Company has been settled on 21 February 2011, with the execution between the Company and MSC of a document entitled Execution of

Payment and Waiver. Simultaneously, the Company paid MSC the amount of ₱ 10 million by way of full and final payment of any and all its obligations under the Amended Agreement. MSC likewise waived in full any and all possible collectible from the Company resulting from the various Agreements, including but not limited to the percentage shares of MSC in the sales / income of ABACOAL upon its operation.

On May 31, 2009, the Company executed a Memorandum of Agreement with Oriental Vision Mining Philippines Corp. to undertake exploration and development activities of the coal properties of Abacus Coal Exploration Development Corporation over which the Company has controlling stake. Oriental Vision shall pay the Company a royalty fee of Eight Percent (8%) of gross coal price per ton based on FOB loaded to vessel payable within 45 days from receipt of payment by Oriental Vision.

On Nov 6, 2009, the Board of Directors during its special meeting approved the following:

1. Proposed reduction in the par value of the shares of stock of the Company from ₱1.00 to ₱0.10 per share, resulting in a stock split of ten shares for every one share issued. A share buy-back program was also adopted, which will depend on the Company's retained earnings and the market price of the Company's shares under such terms and conditions to be determined and set by the BOD.

2. Proposed increase in the authorized capital stock of the Company from ₱100.00 million divided into 100 million shares at ₱1.00 par value per share to ₱300.00 million divided into 3 billion shares at ₱0.10 par value per share.

3. Delegation to the Board of Directors of the power and authority to identify and secure equity investments from subscribers, implement share swaps, and undertake share issuances at such subscription price(s) and under terms and conditions to be determined by the Board with a waiver of the requirement to conduct a rights or public offering of the shares

4. Issuance of shares of stock from the proposed capital increase through preemptive stock rights offering. The preemptive stock rights offering shall be implemented on a 1:1 proportion, i.e. one share held by qualified stockholders entitled the said stockholders to subscribe to one share under the offering. The stock rights offer price shall be at par of ₱0.10, representing the reduced par value of the shares at the expected time of the stock rights offering, or at ₱1.00 if the stock rights offering happen at the time prior to the reduction in the par value of the shares.

The above resolutions were subsequently ratified in the shareholders meeting of the Corporation held on December 2010.

Also, during the meeting of the Board of Directors on November 6, 2009, the Company and two investors executed Investment and Subscription Agreements to effect share issuances via private placement transactions. This was pursuant to the September 14, 2009, Board of Directors approval for issuance of shares by way of private placements in favor of its investors. Under agreed terms, LIHC agreed to issue one hundred million (100,000,000)[2] LIHC shares out of the unissued and unsubscribed portion of its authorized capital stock at the price of Five hundred and five Centavos (₱0.505) per share or a total consideration of Fifty Million Five Hundred Thousand (₱50,500,000.00) for the following business purposes:

a) To enable the Company to pay its financial obligations to Abacus Consolidated Resources Holdings, Inc. (ABACON) constituting partial consideration for the purchase of 100% of the shares of Abacus Coal Exploration Development Corporation (ABACOAL) as provided under the Heads of Agreement that the Corporation executed with ABACON.

b) To allow the Company to expand its investments

[2] This figure reflects the adjustments brought about by the reduction in the par value and stock split of Lodestar shares.

c) To permit the Company to enter and finance new businesses

d) For working capital and costs of the private placements

Further, at the same meeting, the Board of Directors discussed the implementation of the Stock Rights Offering in a planned capital increase. The SRO will enable qualified shareholders to purchase shares at better prices or even at the par value of ₱0.10 while giving the company an opportunity to offer and distribute more shares from said capital increase.

On November 3, 2010, ABACOAL and the Company further revised the terms of the Heads of Agreement. In the revised agreement, the Company shall acquire the Coal Property and all the other assets and liabilities of ABACOAL by and through a merger, with the Company as the surviving entity. By virtue of said merger, the Company shall issue 250,000,000 new common shares at a par value of ₱0.10 and an agreed issue value of ₱0.90 to ABACOAL. The Company undertakes to list the said shares with the PSE. These terms and conditions shall be incorporated in a Merger Agreement and Plan of Merger which ABACOAL and the Company agree to execute at the proper time. As part of the agreement, the Company shall make staggered cash payments to ABACOAL which shall be deemed as constituting a participation in operating revenues from the Coal Property in the total amount of ₱75.0 million, payable as follows:

- ₱30.0 million advance deposit on ABACOAL's participation due on September 24, 2008, June 1, 2009 and June 8, 2009;

- Amounts to be paid upon and to be taken from the sale of the first production of coal products from the Coal Property:

  a. ₱20.0 million upon consummation of said first sale of coal products; and,
  b. ₱25.0 million payable thirty days from consummation of said first sale of coal products.

As of March 31, 2013, the merger between the Company and ABACOAL is not yet executed; however, the above agreements are still binding.

Management's Discussion and Analysis for the Interim Period Ended March 31, 2013 as compared with March 31, 2012

Revenues
The Company did not earn any revenue during the three-month period ended March 31, 2013 and has not undertaken commercial operations.

Operating Expenses
Operating expenses increased by ₱28 thousand or 3.54% from ₱ 797 thousand in March 2012 to ₱825 thousand in March 2013 due to additional expenses incurred in connection with its investment in ABACON.

Net Loss
As a result, after deducting minimal interest income from regular savings account, the Company posted a net loss of ₱823 thousand for the period ended March 31, 2013 which is 3.39% or ₱27 thousand higher as compared to net loss of ₱796 thousand for the same period in 2012.

Material Changes to the Company's Income Statement as of March 31, 2013 as compared with March 31, 2012:

As compared with the same period in 2012, the net effect of following expenses contributed to the increase in operating expenses of ₽28 thousand:

1. Audit Fees – 70.07% or ₽38 thousand higher from ₽54 thousand in 2012 to ₽91.8 thousand in 2013 due to higher down payment made on audit services for 2012.
2. Employee benefits – 100% or ₽10 thousand higher due to payment for health card benefit of the Company's employee .
3. Transportation and Travel expenses – 89.22% or ₽146 thousand lower from ₽164 thousand in 2012 to ₽18 thousand in 2013.
4. Printing and office supplies – 98.46% or ₽13 thousand higher from ₽ 13 thousand million in 2012 to ₽26 thousand in 2013. The increase is relative to expenses incurred during the annual stockholders meeting held in Dec 2012.
5. Professional Fees – 7.37% or ₽ 11 thousand lower from ₽151 thousand in 2012 to ₽140 thousand in 2012 due to cancellation of contracts of two professionals.
6. Trustee Fees – 100% or ₽8 thousand lower. The company has sold all its shares traded in stock market in 2012.
7. Representation Expense – 100% or ₽132 thousand. This expense is relative to the Company's COC 148 which is now into development and production phase.

Financial Condition

The Company's Total Assets comprised of 22% of Current Assets and 78% Non-Current Assets. The Total Assets as of March 31, 2013 amounting to ₽47.51 million was 21.32% or ₽12.88 million lower than that of March 31, 2012, which amounted to ₽60.39 million. Total Assets in 2013 is comprised of ₽2.49 million Cash, ₽ 4.08 million advances to a stockholder, ₽37.0 million deposit made to Abacus Consolidated Resources Holdings, Inc. (Abacon) for the acquisition of 100% stake in Abacus Coal Exploration Development Corporation (Abacoal), input tax of ₽ 2.78 million, advances to supplier of ₽ 1.10 million, advances to Abacon of ₽ 0.05 million and office equipment net of accumulated depreciation of ₽ 0.01 million.

The Company's Total Liabilities were comprised of accounts payable and advances from third parties. The Total Liabilities decreased by ₽ 2.31 million or 97.67% from ₽.2.37 million in March 2012 to ₽0.06 million in March 2013.

Stockholders' equity posted an 18.20% or ₽10.56 thousand decrease from ₽58.02 million in March 2012 to ₽47.46 million in March 2013. Deficit increased from ₽ 73.19 million in March 2012 to ₽93.26 million in March 2013.

Material Changes to the Company's pro-forma Balance Sheet as of March 31, 2013 compared to pro-forma Balance Sheet as of March 31, 2012 (increase/decrease of 5.00% or more)

927.38% or ₽ 2.25 million increase in Cash and cash equivalents from ₽ 243 thousand in March 2012 to ₽ 2.495 million in March 2013 . The significant increase is due to liquidation of stocks tradable at the Philippine Stock Exchange.

100.00% or ₽ 20.55 million decrease in Available-for-Sale Financial Assets. The shares are fully disposed in August 2012.

100.00% or ₽ 4.08 million increase in Advances to a stockholder.

53.38% or ₽1.37 million increase in other current assets from ₽ 2.56 million in March 2012 to ₽3.93 million in March 2013. The increase is brought about by (a) input taxes generated from professional fees incurred during the period, PSE annual membership fees, (b) payments made to contractor for evaluation of projected mini-pit operations and advances made for coal operations.

67.73% or ₱ 20 thousand decrease in Office Equipment basically due to depreciation during the period.

97.67% or ₱ 2.31 million decrease in liabilities from ₱2.37 million in March 2012 to ₱ 55 thousand in March 2013 due to settlements made during the last quarter of 2012.

100% or ₱ 9.51 million decrease in Revaluation reserve due to liquidation of shares of stocks tradable in the Philippine Stock Exchange.

27.42% or ₱ 20.07 million increase in deficit due to losses incurred during the period.

Key Performance Indicators

Considering the Company's pre-operational status, the key performance indicators of the Company are as follows:

	March 31, 2013	March 31, 2012
Current Ratio1	189.93x	9.85x
Quick Ratio2	45.13x	0.10x
Debt-equity ratio3	0.001x	0.04x
Book value per share4	0.06x	0.08x
Net Profit Margin5	NA	NA

(1) Current Assets / Current Liabilities
March 2013 (₱ 10,501,256/ ₱ 55,291)
March 2013 (₱ 23,356,813/ ₱ 2,370,162)

(2) Cash / Current Liabilities
March 2013 (₱ 2,495,118/ ₱ 55,291)
March 2013 (₱ 242,862/ ₱ 2,370,162)

(3) Debt / Equity
March 2013 (₱55,291/ ₱47,455,674)
March 2012 (₱ 2,370,162/ ₱58,016,740)

(4) Equity /Subscribed Shares
March 2013 (₱47,455,674/740,000,000)
March 2012 (₱58,016,740/740,000,000)

The Current Ratio is the general measure of a company's liquidity. It represents the ratio of all current assets to all current liabilities. It is sometimes called the "Working Capital Ratio" because working capital is the excess of current assets over current liabilities. Current ratio is lower than the same period last year due to disposal of shares in the Philippines stock market.

The Quick Ratio is another measure of a company's liquidity. It is used to measure a company's ability to pay its liabilities using assets that are cash or very liquid. Since the Company does not have any marketable securities and accounts receivables, the computation of this ratio was based on cash alone. Quick ratio for the current period is extremely higher as compared to the same period of last year due to cash proceeds from sale of shares traded in the stock market.

The Debt to Equity Ratio is a measure of leverage, or the relative amount of funds provided by lenders and owners. This measures the amount of debt being used by the Company. The ratio for the current period is higher as compared to last year due to increase in advances from third parties to fund operating expenses.

Book value Per Share is a measure of stockholders' equity. It represents the difference between total assets and total liabilities divided by the total no. of shares outstanding. Par value as of March 31, 2013 is lower as compared to the same period last year due to losses incurred from sale of shares traded in the stock market.

Net Profit Margin Ratio related the profits of a company to its sales, assets or equity. It indicates the rate of profit from sales and other revenues. The Company is still in a no-operation status. The reported revenues are purely interests earned from bank deposits.

Additional Financial Soundness Indicators

	March 31, 2013	March 31, 2012
Asset to equity ratio 1	1.00x	1.04x
Interest Rate coverage ratio 2	NA	NA
Gross Profit Margin 3	NA	NA

(1) Total Assets / Total Equity
March 2013 (₱ 47,510,968/ ₱ 47,455,674)
March 2012 (₱ 60,386,902/ ₱ 58,016,740)
(2) Income before Interest and Taxes / Interest Expense
March 2013
March 2012
(3) Gross Profit / Sales
March 2013
March 2012

Asset to Equity ratio measures the financial leverage and long term solvency of the Company. It is derived by dividing the total asset from its total equity. The increase in ratio is due to disposal of shares traded in the stock market and corresponding losses incurred which attributes to the increase in deficit resulting to lower equity.

Interest Coverage Ratio determines how easily a company can pay interest on outstanding debt. The Company did not incur any interest on its advances.

Gross Profit Margin is derived by dividing its gross profit by its sales. The Company is still in a no-operation status. The reported revenues are purely interests earned from bank deposits.

PART II – OTHER INFORMATION

There are no contingent liabilities or contingent assets or known trend and events that may materially affect the company’s operation nor are there estimates of amounts reported in prior periods that may have a material effect on the attached financial statements.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in Q.C on May 14 2013.

By:

ANTONIO VICTORIANO GREGORIO III
Chairman of the Board

JOSE FRANCISCO MIRANDA
Treasurer

LODESTAR INVESTMENT HOLDINGS CORPORATION

" ANNEX A"

STATEMENTS OF FINANCIAL POSITION

	Notes		Unaudited March 31, 2013		Audited Dec 31, 2012
ASSETS					
Current Assets					
Cash and cash equivalents		₽	2,495,118	₽	3,406,425
Advances to a stockholder	2		4,076,772		4,076,772
Other current assets			3,929,366		3,899,225
Total Current Assets			10,501,256		11,382,422
Non - current assets					
Deposit for future stock investment	3		37,000,000		37,000,000
Property and Equipment (net)			9,710		7,522
Total Non-Current Assets			37,009,710		37,007,522
		₽	47,510,966	₽	48,389,944
LIABILITIES & STOCKHOLDERS' EQUITY					
Liabilities					
Accounts payable and accrued expenses	5	₽	52,242	₽	107,897
Advances from third parties	4		3,049		3,049
Total Liabilities			55,291		110,946
Stocholder's Equity					
Capital Stock - P0.10 par value	6		74,000,000		74,000,000
Additional Paid-In Capital	6		66,714,858		66,714,858
Revaluation Reserve			-		-
Deficit			(93,259,184)		(92,435,860)
Total Stockholders' Equity			47,455,674		48,278,998
		₽	47,510,966	₽	48,389,944

LODESTAR INVESTMENT HOLDINGS CORPORATION
STATEMENTS OF INCOME
(Unaudited)

		January 1 to March 31, 2013 (Three Months)		January 1 to March 31, 2012 (Three Months)
REVENUES	₱		₱	
EXPENSES		825,272		797,076
INCOME (LOSS) BEFORE OTHER LOSSES		(825,272)		(797,076)
INTEREST INCOME		1,948		724
NET INCOME (LOSS)	₱	(823,324)		(796,352)
WEIGHTED AVE. NUMBER OF COMMON SHARES		740,000,000		740,000,000
Loss Per Share		(0.001)		(0.001)

Note: No dividends declared during the period

LODESTAR INVESTMENT HOLDINGS CORPORATION
STATEMENTS OF CHANGES IN EQUITY

		Unaudited March 31, 2013		Audited Dec. 31, 2012		Unaudited March 31, 2012		Audited Dec. 31, 2011
CAPITAL STOCK - ₱ 0.10 par value								
Beginning Balance	₱	74,000,000	₱	74,000,000	₱	74,000,000	₱	66,500,000
Subscribed				-		-		7,500,000
Balance at end of period	₱	74,000,000	₱	74,000,000	₱	74,000,000	₱	74,000,000
ADDITIONAL PAID-IN CAPITAL								
Beginning Balance	₱	66,714,858	₱	66,714,858	₱	66,714,858	₱	36,339,858
Subscribed		-		-				30,375,000
Balance at end of period	₱	66,714,858	₱	66,714,858	₱	66,714,858	₱	66,714,858
DEPOSIT FOR FUTURE SUBSCRIPTION	₱		₱		₱	-	₱	
REVALUATION RESERVE	₱	-	₱	-	₱	(9,506,128)	₱	(9,278,628)
DEFICIT								
Beginning Balance	₱	(92,435,860)	₱	(72,395,639)	₱	(76,613,076)	₱	(68,178,202)
Net Income (loss)		(823,324)		(20,040,221)		(796,352)		(4,217,437)
Balance at end of period	₱	(93,259,184)	₱	(92,435,860)	₱	(77,409,428)	₱	(72,395,639)
STOCKHOLDERS' EQUITY, END	₱	47,455,674	₱	48,278,998	₱	53,799,302	₱	59,040,591

LODESTAR INVESTMENT HOLDINGS CORPORATION
STATEMENTS OF CASH FLOWS
(Unaudited)

		Jan 1 to March 31, 2013 (Three Months)		Jan 1 to March 31, 2012 (Three Months)
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax	₱	(823,324)	₱	(796,351)
Adjustment for:				
Realized FV loss on AFS				
Depreciation		8,169		7,523
Interest Income		(1,948)		724
Net loss before working capital changes		(817,103)		(788,104)
Adjustment to reconcile net loss to net cash provided by operating activities				
Changes in operating assets and liabilities				
Decrease (increase) in :				
Other current assets		(30,140)		(36,923)
Increase (decrease) in :				
Accounts payable and accrued expenses		(55,655)		(20,068)
Net cash provided by operating activities		(902,898)		(845,095)
Interest Received		1,948		(724)
Net cash from operating activities		(900,950)		(845,819)
CASH FLOWS FROM INVESTING ACTIVITIES				
Net proceeds from sale and purchase of available-for-sale financial assets		-		-
Additional deposit for acquisition of 100% shares of Abacoal		-		-
Disposals (acquisitions) of property and equipment		(10,357)		
Net cash used in investing activities		(10,357)		-
CASH FLOWS FROM FINANCING ACTIVITIES				
Advances from other parties				(500,444)
Advances from stockholders				
Receipts of payment of subscription to capital stocks				
Net cash provided by (used in) financing activities		-		(500,444)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(911,307)		(1,346,263)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		3,406,425		1,589,125
CASH AND CASH EQUIVALENTS AT END OF PERIOD	₱	2,495,118	₱	242,862

LODESTAR INVESTMENT HOLDINGS CORPORATION
NOTES TO FINANCIAL STATEMENT

1. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements are prepared in accordance with the Philippine Financial Reporting Standards. The company has followed the same accounting policies and methods of computation used with the most recent annual financial statement. No new accounting policy has been adopted for this interim report.

2. RELATED PARTY TRANSACTIONS

In 2012, the Company grants non-interest bearing advances to a stockholder for working capital purposes. The advances to the stockholder are unsecured and are due and demandable anytime. These advances are generally settled in cash.

AS at March 31, 2013, based on management's assessment, the outstanding balance of the Company's advances to a stockholder is not impaired, hence, no impairment loss is recognized.

3. DEPOSIT FOR FUTURE STOCK INVESTMENT

This account pertains to amount of deposits made in 2009 to Abacus Consolidated Resources Holdings, Inc. (Abacon) for the Company's and MSC's joint acquisition of Abacoal, pursuant to the Agreement for Joint Investment executed by the Company and Music Semiconductors Corporation (MSC) on September 24, 2008. This Agreement has already been amended on 21 May 2009 resulting in the assignment by MSC of all its rights to acquire Abacoal's shares of stock to the Company.

4. ADVANCES FROM THIRD PARTIES

On May 31, 2009, the Company and Oriental Vision Mining Corporation (Oriental) entered into a MOA whereby Oriental will undertake exploration and development of a 7,000-hectare coal property in Surigao del Sur owned by Abacoal. Under the MOA, Oriental paid the Company ₱25 million representing reimbursement of the Company's advances made and to be made to third parties related to the initial exploration and development of the coal property. To date, balance of the deposit amounts to ₱ 3,049.

5. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

This account consists of accrued expenses which represent expenses continuously incurred for maintaining the operational and listing status with the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE) and payroll related expenses. This is composed of stock transfer agent fees and government statutory obligations like withholding taxes, SSS, Phil health and HDMF.

6. CAPITAL STOCK

To address the Company's liquidity shortfalls and raise the needed fund for investment into Abacoal, the Company increased its authorized capital stock from Fifty Million Pesos (₱50,000,000.00) divided into Fifty Million (50,000,000) shares to One Hundred Million Pesos (₱100,000,000.00) divided into One Hundred Million (100,000,000) shares, both with a par value of One Peso (₱1.00) per share. The capital increase was approved by the Securities and Exchange Commission on 30 July 2009. To fund the capital increase, the Company entered into private placement transactions with several investors at the price of ₱1.20 per share. Full payment was made to the Company during the first quarter of 2010. Said shares were approved by the Philippine Stock Exchange for listing on July 14, 2010.

On November 6, 2009, the Company entered into another set of investment agreements with various investors wherein the investors agreed to subscribe by way of private placement to 10 million common shares of stock to be issued out of the unissued and unsubscribed portion of the authorized capital stock of the Company. The shares were subscribed at a price of ₱5.05 per share or for a total of ₱50.5 million, of which 25% or ₱12.6 million has already been paid. The transaction was approved by the BOD on September 14, 2009. The balance of 75% of the gross investment amount was paid in March 2011. Listing application for such shares is currently pending with the PSE.

On Sept. 14, 2010, SEC approved the reduction in the par value of the shares of stock from One Peso (₱1.00) to Ten Centavos (₱0.10). The authorized capital stock of the Corporation shall be One Hundred Million Pesos (₱100,000,000.00) divided into One Billion (1,000,000,000) common shares with par value of Ten Centavos (₱0.10) per share. Also on the same date, the SEC approved the Amended By-laws providing for the creation, powers and functions of the Nomination, Remuneration, Audit, Executive and Finance Committees of the Company.

Per the records of the Corporation, on 24 September 2010, as a result of the approval of the reduction in the par value of the shares of the Company from One Peso (₱ 1.00) per share to Ten Centavos (₱ 0.10) per share, the Philippine Stock Exchange implemented the reduction in the par value and stock split of Lodestar shares. After the reduction in the par value of the shares from One Peso (₱ 1.00) to Ten Centavos (₱0.10) the number and price of shares have been adjusted by multiplying the number of shares by ten (number of shares x 10) and inversely, dividing the price by ten (price/10). Resulting adjustments in the amount of shares and values of consideration were accordingly reflected in the books of the Corporation, insofar as all issued and outstanding shares are concerned, including the private placement shares.

On April 18, 2012, the Board of Directors approved the increase in authorized capital stock from One Hundred Million Pesos (₱ 100,000,000.00) divided into One Billion shares at Ten Centavos (₱ 0.10) per share to Three Hundred Million Pesos (₱300,000,000.00) divided into Three Billion (3,000,000,000) shares at Ten Centavos (₱ 0.10) per share. This shall be the capital increase which will be undertaken per the approval of the shareholders during the 17 December 2009 stockholders' meeting. A total of Five Hundred Million shares will be subscribed via private placement at the subscription price of Seventy Centavos (₱ 0.70) per share.

7. RISK MANAGEMENT

The Company is exposed to a variety of financial risks which resulted from its investing and operating activities. The Company's risk management is coordinated in close cooperation with the BOD, and focuses on actively securing the Company's short-to-medium-term cash flows by minimizing the exposure to financial markets.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed to are described below.

Credit Risk

Credit risk is the risk that a counter party fails to discharge an obligation to the Company. The Company is exposed to this risk for its financial assets (i.e. cash and receivables)

Generally, the maximum credit risk exposure of financial asset is the carrying amount of cash and receivables as shown on the face of the balance sheets.

	March 31, 2013	Dec. 31, 2012
Cash	₱ 2,495,118	₱ 3,406,425
Advances to a stockholder	4,076,772	4,076,772
	₱ 6,571,890	₱ 7,483,197

The Company's cash is actively monitored to avoid significant and unwarranted exposure to credit risk. Cash in bank is secured by an insurance from the PDIC up to ₱500,000 per banking institution. Moreover, the credit risk for the Company's cash in bank is considered negligible since the counterparty is a reputable bank with high liquid credit ratings.

Liquidity Risk

The Company manages its liquidity needs by obtaining additional advances from a stockholder.

As at March 31, 2013 and December 31, 2012, the Company's financial liabilities having contractual maturities of twelve months are presented below:

	March 31, 2013	Dec. 31, 2012
Advances from third parties	3,049	3,049
Accounts Payable and accrued expenses	36,319	36,319
	₱ 39,368	₱ 39,368

8. FINANCIAL INSTRUMENTS

Comparison of Carrying Amounts and Fair Values

The carrying amounts and fair values of the categories of the Company's financial assets and liabilities presented in the statements of financial position are shown below.

	March 31, 2013		Dec. 31,2012	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
Loans and receivables:				
Cash and cash equivalents	**₱2,945,118**	**₱2,495,118**	₱3,406,425	₱3,406,425
Advances to stockholder	**4,076,772**	**4,076,772**	4,076,772	4,076,772
	₱6,571,890	**₱6,571,890**	₱7,483,197	₱7,483,197
Financial Liabilities				
Other financial liabilities:				
Accounts payable and accrued expenses (*)	**₱36,319**	**₱36,319**	₱33,138	₱33,138
Advances from third parties	**3,049**	**3,049**	3,049	3,049
	₱39,368	**₱39,368**	₱36,187	₱36,187

(*) Net of taxes

Fair Value Hierarchy

The financial assets and liabilities measured at fair value in the statements of financial position are categorized in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels.

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and,

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

As of December 31, 2011 (nil in 2012), AFS financial asset is the only financial asset measured at fair value in the statement of financial position and the value is determined under Level 1. There were no financial liabilities measures at fair value as of March 31, 2013 and December 31, 2012.

There were no transfers between level 1 and 2 in both periods.

9. OTHERS

a. These financial reports are prepared in compliance with the quarterly reportorial requirements of the SEC.
b. There were no material transactions affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size, or incidents.

c. There was no subsequent material events not reflected in this interim financial statement.
d. There were no material contingencies and any other events or transactions that are material to the understanding of the interim report.

10. **COMPLIANCE WITH SEC MEMORANDUM CIRCULAR No. 3, Series of 2012**

PFRS9, *Financial Instruments: Classification and Measurement (* effective from January 1, 2015). This is the first part of a new standard on classification and measurement of financial assets and financial liabilities that will replace PAS 39 in its entirety. This chapter deals with two measurement categories for financial assets: amortized cost and fair value. All equity instruments will be measured at fair value while debt instruments will be measured at amortized cost only if the entity is holding it to collect contractual cash flows which represent payment of principal and interest. The accounting for embedded derivatives in host contracts that are financial assets is simplified by removing the requirement to consider whether or not they are closely related, and, in most arrangement, does not require separation from the host contract.

For liabilities, the standard retained most of the PAS 39 requirements which include amortized-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in case where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch.

To date, other chapters of PFRS 9 dealing with impairment methodology and hedge accounting are still being completed.

The Company does not expect to implement and adopt PFRS 9 until its effective date or until all chapters of this new standard have been published. Based on Management's current assessment, this standard has no significant impact to the Company's financial statement except for potential reclassification of fair value gain (losses) on available-for-sale financial assets recorded in other comprehensive income to profit or loss. The Company will continue to assess the possible effect of this standard considering the impact of all changes until its implementation in 2015.

ANNEX 'D'

COVER SHEET

5 4 1 0 6

S.E.C. Registration Number

LODESTAR INVESTMENT HOLDINGS CORPORATION

(Company's Full Name)

12 JAIME ST. CARMEL I BAHAY TORO QUEZON CITY

(Business Address: No. Street City / Town / Province)

VENUS L. GREGORIO

Contact Person

920-9306

Company Telephone Number

1 2	3 1	Form 17-Q2-2013		
Month	*Day*	FORM TYPE	*Month*	*Day*
Fiscal Year			Annual Meeting	

Secondary License Type, If Applicable

C R M D

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

Remarks = pls. Use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the quarterly period ended: **June 30, 2013**

2. SEC Identification Number: **54106** 3. BIR Tax Identification No.: **200-751-430-000**

4. Exact name of issuer as specified in its charter:
LODESTAR INVESTMENT HOLDINGS CORPORATION

5. **Philippines**
Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
Industry Classification Code:

7. **12 Jaime Street, Carmel I, Bahay Toro, Quezon City** **1106**
Address of principal office Postal Code

8. **(632) 920-9306**
Issuer's telephone number, including area code

9.
Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
(Par value: P0.10)	
Common Shares (issued)	**740,000,000**[1]
Common Shares (authorized)	**1,000,000,000**

11. Are any or all of these securities listed on a Stock Exchange.

Yes [/] No [ ]

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange Common Shares : 640,000,000

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

[1] Number of issued and outstanding shares based on the records of the Stock and Transfer Agent.

Yes [/]   No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [/]   No [ ]

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

See attached "Annex A"

The Company's consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

This Financial Statements meeting the requirements of SRC Rule 68, is furnished as specified therein.

In this interim period:

a) There is no known trend, event or uncertainty that has or is reasonably likely to have a negative impact on the Company's short-term or long-term liquidity. The Company is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring the Company to make payments;

b) There are no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;

c) There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period;

d) There are no material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures;

e) There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations;

f) There are no significant elements of income or loss that did not arise from the Company's continuing operations;

h) No seasonal or cyclical factor that affected this quarter's interim operations.

Item 2. Management's Discussion and Analysis (MD&A) or Plan of Operations

Plan of Operation

Part III, Paragraph (A) of Annex "C" of the Securities Regulation Code under Rule 12 states that the information under subparagraph (2) thereof is required for companies that are operational and had revenues from its operations. In this light, the foregoing information only tackles Part III, Paragraph (A) (1) of Annex "C", insofar as applicable.

On April 12, 2011, the Department of Energy approved the conversion of Coal Operating Contract 148 to Development and Production phase. The proposed 5-year work program of Abacus Coal Exploration and Development Corporation (ABACOAL) was evaluated and found to be technically and financially qualified to undertake development and production of coal resources located at Tago, Surigao del Sur., subject to the following terms and conditions:

1. The COC for Exploration No. 148 is converted into COC for Development and Production effective 10 January 2010 for a period of ten (10) years, and should there be remaining mineable reserves, extendible for another ten (10) years and thereafter renewable for series of three (3) year periods not exceeding twelve (12) years under such terms and condition as may be agreed upon by the DOE and the Contractor.

2. The area subject of the COC for development and production shall cover seven (7) blocks.

3. Section IV, sub-paragraph 4.3 of COC for exploration shall be amended to provide for the development and production commitments.

4. The training component of the approved COC for development and production shall be ₱ 200,000.00 per year cumulative during the Development and Production Phase.

5. ABACOAL shall implement its, health, safety and environmental protection program as well as its emergency response program, as the need arises, as approved by the DOE.

Upon commencement of the operations of the Project and/or identification of other profitable Projects for the Company, the capital restructuring and fund raising activities approved by the Board of Directors and shareholders of the Company may be implemented.

By way of background, on September 24, 2008, the Company entered into a Heads of Agreement with Music Semiconductors Corporation ("MSC") and Abacus Consolidated Resources Holdings, Inc. ("ACRHI") for the joint acquisition by the Company and MSC of all issued and outstanding shares of stock of ABACOAL, a subsidiary of ACRHI. The Company and MSC have likewise entered into an Agreement for Joint Investment whereby the investment parameters for such investment in ABACOAL were set forth. Under the same agreement, MSC will own 55% of the issued and outstanding capital stock of ABACOAL while the Company will own 45% of ABACOAL.

ABACOAL is a company engaged in the commercial exploration and development of coal and is the Assignee (whereby ACRHI is the Assignor) of a Coal Operating Contract over a 7,000-hectare property located in Tago and Marihatag, Surigao del Sur ("Coal Project"). Due diligence over the coal property has been undertaken for purposes of verifying the reserves and studying the financial viability of the Coal Project.

On May 21, 2008, the Board of Directors approved resolutions authorizing the Company to amend the Agreement for Joint Investment dated September 24, 2008 between the Company and Music Semiconductors Corporation (MSC). The subject amendment will result in the assignment to the Company of MUSX's 55% interest and participation in the Abacoal Investment subject to the payment of the following: (1) ₱12 million by way of reimbursement of expenses made by MUSX in the Abacoal Investment upon the signing of the amendment; (2) a second tranche of ₱10 million by way of reimbursement of the remainder of expenses and payments made by MUSX in the Abacoal Investment, payable on or before December 31, 2009 or on such later date as may be agreed upon by the parties, with the option to convert this payment to equivalent number of new shares to be issued by the Company to MUSX based on the closing price of the Company's shares on the date of the exercise by MUSX of the option; and (3) 0.25% of the gross coal price per ton based on FOB loaded to vessel, payable within five (5) days from receipt of payments by the Company therefore, as MUSX royalties in the Abacoal Investment during the first five years of operations. Advanced royalties may be agreed upon on a discounted basis depending on the initial operations of the Abacoal Investment.

Any and all receivable of MSC from the Company has been settled on 21 February 2011, with the execution between the Company and MSC of a document entitled Execution of

Payment and Waiver. Simultaneously, the Company paid MSC the amount of ₱ 10 million by way of full and final payment of any and all its obligations under the Amended Agreement. MSC likewise waived in full any and all possible collectible from the Company resulting from the various Agreements, including but not limited to the percentage shares of MSC in the sales / income of ABACOAL upon its operation.

On May 31, 2009, the Company executed a Memorandum of Agreement with Oriental Vision Mining Philippines Corp. to undertake exploration and development activities of the coal properties of Abacus Coal Exploration Development Corporation over which the Company has controlling stake. Oriental Vision shall pay the Company a royalty fee of Eight Percent (8%) of gross coal price per ton based on FOB loaded to vessel payable within 45 days from receipt of payment by Oriental Vision.

On Nov 6, 2009, the Board of Directors during its special meeting approved the following:

1. Proposed reduction in the par value of the shares of stock of the Company from ₱1.00 to ₱0.10 per share, resulting in a stock split of ten shares for every one share issued. A share buy-back program was also adopted, which will depend on the Company's retained earnings and the market price of the Company's shares under such terms and conditions to be determined and set by the BOD.

2. Proposed increase in the authorized capital stock of the Company from ₱100.00 million divided into 100 million shares at ₱1.00 par value per share to ₱300.00 million divided into 3 billion shares at ₱0.10 par value per share.

3. Delegation to the Board of Directors of the power and authority to identify and secure equity investments from subscribers, implement share swaps, and undertake share issuances at such subscription price(s) and under terms and conditions to be determined by the Board with a waiver of the requirement to conduct a rights or public offering of the shares

4. Issuance of shares of stock from the proposed capital increase through preemptive stock rights offering. The preemptive stock rights offering shall be implemented on a 1:1 proportion, i.e. one share held by qualified stockholders entitled the said stockholders to subscribe to one share under the offering. The stock rights offer price shall be at par of ₱0.10, representing the reduced par value of the shares at the expected time of the stock rights offering, or at ₱1.00 if the stock rights offering happen at the time prior to the reduction in the par value of the shares.

The above resolutions were subsequently ratified in the shareholders meeting of the Corporation held on December 2010.

Also, during the meeting of the Board of Directors on November 6, 2009, the Company and two investors executed Investment and Subscription Agreements to effect share issuances via private placement transactions. This was pursuant to the September 14, 2009, Board of Directors approval for issuance of shares by way of private placements in favor of its investors. Under agreed terms, LIHC agreed to issue one hundred million (100,000,000) LIHC shares out of the unissued and unsubscribed portion of its authorized capital stock at the price of Five hundred and five Centavos (₱0.505) per share or a total consideration of Fifty Million Five Hundred Thousand (₱50,500,000.00) for the following business purposes:

a) To enable the Company to pay its financial obligations to Abacus Consolidated Resources Holdings, Inc. (ABACON) constituting partial consideration for the purchase of 100% of the shares of Abacus Coal Exploration Development Corporation (ABACOAL) as provided under the Heads of Agreement that the Corporation executed with ABACON.

b) To allow the Company to expand its investments

c) To permit the Company to enter and finance new businesses

d) For working capital and costs of the private placements

Further, at the same meeting, the Board of Directors discussed the implementation of the Stock Rights Offering in a planned capital increase. The SRO will enable qualified shareholders to purchase shares at better prices or even at the par value of ₱0.10 while giving the company an opportunity to offer and distribute more shares from said capital increase.

On November 3, 2010, ABACOAL and the Company further revised the terms of the Heads of Agreement. In the revised agreement, the Company shall acquire the Coal Property and all the other assets and liabilities of ABACOAL by and through a merger, with the Company as the surviving entity. By virtue of said merger, the Company shall issue 250,000,000 new common shares at a par value of ₱0.10 and an agreed issue value of ₱0.90 to ABACOAL. The Company undertakes to list the said shares with the PSE. These terms and conditions shall be incorporated in a Merger Agreement and Plan of Merger which ABACOAL and the Company agree to execute at the proper time. As part of the agreement, the Company shall make staggered cash payments to ABACOAL which shall be deemed as constituting a participation in operating revenues from the Coal Property in the total amount of ₱75.0 million, payable as follows:

- ₱30.0 million advance deposit on ABACOAL's participation due on September 24, 2008, June 1, 2009 and June 8, 2009;

- Amounts to be paid upon and to be taken from the sale of the first production of coal products from the Coal Property:

  a. ₱20.0 million upon consummation of said first sale of coal products; and,
  b. ₱25.0 million payable thirty days from consummation of said first sale of coal products.

As of June 30, 2013, the merger between the Company and ABACOAL is not yet executed; however, the above agreements are still binding.

Management's Discussion and Analysis for the Interim Period Ended June 30, 2013 as compared with June 30, 2012

Revenues
The Company did not earn any revenue during the six-month period ended June 30, 2013 and has not undertaken commercial operations.

Operating Expenses
Operating expenses decreased by ₱65 thousand or 4.55% from ₱ 1.438 million in June 2012 to ₱1.373 million in June 2013 due to lesser expenses incurred in connection with its investment in ABACON.

Net Loss
As a result, after deducting minimal interest income from regular savings account, the Company posted a net loss of ₱1.370 million for the period ended June 30, 2013 which is 4.63% or ₱66.5 thousand lower as compared to net loss of ₱1.436 million for the same period in 2012.

Material Changes to the Company's Income Statement as of June 30, 2013 as compared with June 30, 2012:

As compared with the same period in 2012, the net effect of following expenses contributed to the decrease in operating expenses of ₱65 thousand:

1. Audit Fees – 15.96% or ₱31.6 thousand higher from ₱198 thousand in 2012 to ₱230 thousand in 2013 due to higher audit fees for 2013.
2. Employee benefits – 100% or ₱10 thousand higher due to payment for health card benefit of the Company's employee .
3. Transportation and Travel expenses – 85.69% or ₱151 thousand lower from ₱176 thousand in 2012 to ₱25 thousand in 2013.
4. Printing and office supplies – 32.75% or ₱8 thousand higher from ₱ 26 thousand million in 2012 to ₱34 thousand in 2013. The increase is relative to expenses incurred during the annual stockholders meeting held in Dec 2012.
5. Professional Fees – 43.99% or ₱ 176 thousand lower from ₱400 thousand in 2012 to ₱224 thousand in 2013 due to cancellation of contracts of two professionals.
6. Trustee Fees – 100% or ₱16 thousand lower. The company has sold all its shares traded in stock market in 2012.
7. Representation Expense – 100% or ₱237 thousand. This expense is relative to the Company's COC 148 which is now into development and production phase.
8. Meeting expenses – 99.6% or ₱ 14.3 thousand lower from ₱14.35 thousand in 2012 to ₱0.06 thousand in 2013 due to higher cost of meeting expenses incurred in 2012.
9. Director's fees – 14.3% or ₱ 5.6 thousand higher from ₱38.9 thousand in 2012 to ₱44.4 thousand in 2013 due to higher per diems given in 2013.

Financial Condition

The Company's Total Assets comprised of 21% of Current Assets and 79% Non-Current Assets. The Total Assets as of June 30, 2013 amounting to ₱46.97 million was 12.94% or ₱6.98 million lower than that of June 30, 2012, which amounted to ₱53.95 million. Total Assets in 2013 is comprised of ₱1.92 million Cash, ₱ 4.08 million advances to a stockholder, ₱37.0 million deposit made to Abacus Consolidated Resources Holdings, Inc. (Abacon) for the acquisition of 100% stake in Abacus Coal Exploration Development Corporation (Abacoal), input tax of ₱ 2.8 million, advances to supplier and employees of ₱ 1.12 million, advances to Abacon of ₱ 0.05 million and office equipment net of accumulated depreciation of ₱ 0.001 million.

The Company's Total Liabilities were comprised of accounts payable and advances from third parties. The Total Liabilities decreased by ₱ 3.76 million or 98.47% from ₱3.82 million in June 2012 to ₱0.06 million in June 2013.

Stockholders' equity posted a 6.41% or ₱3.21 million decrease from ₱50.12 million in June 2012 to ₱46.91 million in June 2013. Revaluation reserve went down 100% or ₱ 16.76 million due to disposal of shares listed at the Philippine Stock Exchange. Deficit increased from ₱73.83 million in June 2012 to ₱93.81 million in June 2013.

Material Changes to the Company's pro-forma Balance Sheet as of June 30, 2013 as compared with pro-forma Balance Sheet as of June 30, 2012 (increase/decrease of 5.00% or more)

85.95% or ₱ 0.89 million increase in Cash and cash equivalents from ₱ 1.04 thousand in June 2012 to ₱ 1.93 million in June 2013 . The significant increase is due to liquidation of stocks tradable at the Philippine Stock Exchange.

100.00% or ₱ 13.30 million decrease in Available-for-Sale Financial Assets. The shares are fully disposed in August 2012.

100.00% or ₱ 4.08 million increase in Advances to a stockholder.

53.03% or ₱1.37 million increase in other current assets from ₱ 2.59 million in June 2012 to ₱3.96 million in June 2013. The increase is brought about by (a) input taxes generated from professional fees incurred during the period and from PSE annual membership fees, (b) payments made to contractor for evaluation of projected mini-pit operations and advances made for coal operations.

94.13% or ₱ 21 thousand decrease in Office Equipment basically due to depreciation during the period.

98.47% or ₱ 3.76 million decrease in liabilities from ₱3.82 million in June 2012 to ₱ 59 thousand in June 2013 due to settlements made during the last quarter of 2012.

100% or ₱ 16.76 million decrease in Revaluation reserve due to liquidation of shares of stocks tradable in the Philippine Stock Exchange.

27.05% or ₱ 19.97 million increase in deficit due to losses incurred during the period.

Key Performance Indicators

Considering the Company's pre-operational status, the key performance indicators of the Company are as follows:

	June 30, 2013	June 30, 2012
Current Ratio (1)	169.88x	4.43x
Quick Ratio (2)	32.82x	0.27x
Debt-equity ratio (3)	0.001x	0.08x
Book value per share (4)	0.06x	0.07x
Net Profit Margin (5)	NA	NA

(1) Current Assets / Current Liabilities
June 2013 (₱ 9,966,587/ ₱ 58,669)
June 2012 (₱ 16,925,825/ ₱ 3,823,877)

(2) Cash / Current Liabilities
June 2013 (₱ 1,925,709/ ₱ 58,669)
June 2012 (₱ 1,035,594/ ₱ 3,823,877)

(3) Debt / Equity
June 2013 (₱58,669/ ₱46,909,243)
June 2012 (₱ 3,823,877/ ₱50,124,515)

(4) Equity /Subscribed Shares
June 2013 (₱46,909,243/740,000,000)
June 2012 (₱50,124,515/740,000,000)

The Current Ratio is the general measure of a company's liquidity. It represents the ratio of all current assets to all current liabilities. It is sometimes called the "Working Capital Ratio" because working capital is the excess of current assets over current liabilities. Current ratio is lower than the same period last year due to disposal of shares in the Philippines stock market.

The Quick Ratio is another measure of a company's liquidity. It is used to measure a company's ability to pay its liabilities using assets that are cash or very liquid. Since the Company does not have any marketable securities and accounts receivables, the computation of this ratio was based on cash alone. Quick ratio for the current period is extremely higher as compared to the same period of last year due to cash proceeds from sale of shares traded in the stock market.

The Debt to Equity Ratio is a measure of leverage, or the relative amount of funds provided by lenders and owners. This measures the amount of debt being used by the Company. The ratio for the current period is higher as compared to last year due to increase in advances from third parties to fund operating expenses.

Book value Per Share is a measure of stockholders' equity. It represents the difference between total assets and total liabilities divided by the total number of shares outstanding. Book value as of June 30, 2013 is lower as compared to the same period last year due to losses incurred from sale of shares traded in the stock market.

Net Profit Margin Ratio related the profits of a company to its sales, assets or equity. It indicates the rate of profit from sales and other revenues. The Company is still in a no-operation status. The reported revenues are purely interests earned from bank deposits.

Additional Financial Soundness Indicators

	June 30, 2013	**June 30, 2012**
Asset to equity ratio (1)	1.00x	1.08x
Interest Rate coverage ratio (2)	NA	NA
Gross Profit Margin (3)	NA	NA

(1) Total Assets / Total Equity
June 2013 (₱ 46,967,912/ ₱46,909,243)
June 2012 (₱ 53,948,392/ ₱ 50,124,515)
(2) Income before Interest and Taxes / Interest Expense
June 2013
June 2012
(3) Gross Profit / Sales
June 2013
June 2012

Asset to Equity ratio measures the financial leverage and long term solvency of the Company. It is derived by dividing the total asset from its total equity. The increase in ratio is due to disposal of shares traded in the stock market and corresponding losses incurred which attributes to the increase in deficit resulting to lower equity.

Interest Coverage Ratio determines how easily a company can pay interest on outstanding debt. The Company did not incur any interest on its advances.

Gross Profit Margin is derived by dividing its gross profit by its sales. The Company is still in a no-operation status. The reported revenues are purely interests earned from bank deposits.

PART II – OTHER INFORMATION

There are no contingent liabilities or contingent assets or known trend and events that may materially affect the company's operation nor are there estimates of amounts reported in prior periods that may have a material effect on the attached financial statements.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in QC. on Aug. 12, 2013.

By:

CHI HO CO
President

JOSE FRANCISCO MIRANDA
Treasurer

LODESTAR INVESTMENT HOLDINGS CORPORATION " ANNEX A"

STATEMENTS OF FINANCIAL POSITION

	Notes		Unaudited June 30, 2013		Audited Dec 31, 2012
ASSETS					
Current Assets					
Cash and cash equivalents		₽	1,925,709	₽	3,406,425
Advances to a stockholder	2		4,076,772		4,076,772
Other current assets			3,964,106		3,899,225
Total Current Assets			9,966,587		11,382,422
Non - current assets					
Deposit for future stock investment	3		37,000,000		37,000,000
Property and Equipment (net)			1,325		7,522
Total Non-Current Assets			37,001,325		37,007,522
		₽	46,967,912	₽	48,389,944
LIABILITIES & STOCKHOLDERS' EQUITY					
Liabilities					
Accounts payable and accrued expenses	5	₽	55,620	₽	107,897
Advances from third parties	4		3,049		3,049
Total Liabilities			58,669		110,946
Stockholder's Equity					
Capital Stock - P0.10 par value	6		74,000,000		74,000,000
Additional Paid-In Capital	6		66,714,858		66,714,858
Revaluation Reserve			-		-
Deficit			(93,805,615)		(92,435,860)
Total Stockholders' Equity			46,909,243		48,278,998
		₽	46,967,912	₽	48,389,944

LODESTAR INVESTMENT HOLDINGS CORPORATION
STATEMENTS OF INCOME
(Unaudited)

	April 1 to June 30, 2013 (Three Months)	January 1 to June 30, 2013 (Six Months)	April 1 to June 30, 2012 (Three Months)	January 1 to June 30, 2012 (Six Months)
REVENUES	₱	₱	₱	₱
EXPENSES	547,614	1,372,886	641,203	1,438,279
INCOME (LOSS) BEFORE OTHER LOSSES	(547,614)	(1,372,886)	(641,203)	(1,438,279)
INTEREST INCOME	1,183	3,131	1,279	2,003
NET INCOME (LOSS)	₱ (546,432)	₱ (1,369,756)	(639,925)	₱ (1,436,277)
WEIGHTED AVE. NUMBER OF COMMON SHARES	740,000,000	740,000,000	740,000,000	740,000,000
Loss Per Share	(0.001)	(0.002)	(0.001)	(0.002)

Note: No dividends declared during the period

LODESTAR INVESTMENT HOLDINGS CORPORATION
STATEMENTS OF CHANGES IN EQUITY

		Unaudited June 30, 2013		Audited Dec. 31, 2012		Unaudited June 30, 2012		Audited Dec. 31, 2011
CAPITAL STOCK - ₱ 0.10 par value								
Beginning Balance	₱	74,000,000	₱	74,000,000	₱	74,000,000	₱	66,500,000
Subscribed				-		-		7,500,000
Balance at end of period	₱	74,000,000	₱	74,000,000	₱	74,000,000	₱	74,000,000
ADDITIONAL PAID-IN CAPITAL								
Beginning Balance	₱	66,714,858	₱	66,714,858	₱	66,714,858	₱	36,339,858
Subscribed		-		-				30,375,000
Balance at end of period	₱	66,714,858	₱	66,714,858	₱	66,714,858	₱	66,714,858
DEPOSIT FOR FUTURE SUBSCRIPTION	₱		₱		₱	-	₱	
REVALUATION RESERVE	₱	-	₱	-	₱	(9,506,128)	₱	(9,278,628)
DEFICIT								
Beginning Balance	₱	(92,435,860)	₱	(72,395,639)	₱	(72,395,639)	₱	(68,178,202)
Net Income (loss)		(1,369,755)		(20,040,221)		(1,436,276)		(4,217,437)
Balance at end of period	₱	(93,805,615)	₱	(92,435,860)	₱	(73,831,915)	₱	(72,395,639)
STOCKHOLDERS' EQUITY, END	₱	46,909,243	₱	48,278,998	₱	57,376,815	₱	59,040,591

LODESTAR INVESTMENT HOLDINGS CORPORATION
STATEMENTS OF CASH FLOWS
(Unaudited)

		April 1 to June 30, 2013 (Three Months)		January 1 to June 30, 2013 (Six Months)		April 1 to June 30, 2012 (Three Months)		January 1 to June 30, 2012 (Six Months)
CASH FLOWS FROM OPERATING ACTIVITIES								
Income (loss) before income tax	₱	(546,432)	₱	(1,369,756)	₱	(639,926)	₱	(1,436,277)
Adjustment for:								
Realized FV loss on AFS								
Depreciation		8,385		16,554		7,522		15,045
Interest Income		(1,183)		(3,131)		1,279		2,003
Net loss before working capital changes		(539,229)		(1,356,332)		(631,125)		(1,419,229)
Adjustment to reconcile net loss to net cash provided by operating activities								
Changes in operating assets and liabilities								
Decrease (increase) in :								
Other current assets		(34,740)		(64,880)		(28,580)		(65,503)
Increase (decrease) in :								
Accounts payable and accrued expenses		3,378		(52,277)		3,750		(16,318)
Net cash provided by operating activities		(570,591)		(1,473,489)		(655,955)		(1,501,050)
Interest Received		1,183		3,131		(1,279)		(2,003)
Net cash from operating activities		(569,409)		(1,470,359)		(657,234)		(1,503,053)
CASH FLOWS FROM INVESTING ACTIVITIES								
Net proceeds from sale and purchase of available-for-sale financial assets		-		-		-		-
Additional deposit for acquisition of 100% shares of Abacoal		-		-		-		-
Disposals (acquisitions) of property and equipment		-		(10,357)				-
Net cash used in investing activities		-		(10,357)		-		-
CASH FLOWS FROM FINANCING ACTIVITIES								
Advances from other parties						1,449,966		949,522
Advances from stockholders								
Receipts of payment of subscription to capital stocks								
Net cash provided by (used in) financing activities		-		-		1,449,966		949,522
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(569,409)		(1,480,716)		792,732		(553,531)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		2,495,118		3,406,425		242,862		1,589,125
CASH AND CASH EQUIVALENTS AT END OF PERIOD	₱	1,925,709	₱	1,925,709	₱	1,035,594	₱	1,035,594

LODESTAR INVESTMENT HOLDINGS CORPORATION
NOTES TO FINANCIAL STATEMENT

1. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements are prepared in accordance with the Philippine Financial Reporting Standards. The company has followed the same accounting policies and methods of computation used with the most recent annual financial statement. No new accounting policy has been adopted for this interim report.

2. RELATED PARTY TRANSACTIONS

In 2012, the Company granted non-interest bearing advances to a stockholder for working capital purposes. The advances to the stockholder are unsecured and are due and demandable anytime. These advances are generally settled in cash.

As at June 30, 2013, based on management's assessment, the outstanding balance of the Company's advances to a stockholder is not impaired, hence, no impairment loss is recognized.

3. DEPOSIT FOR FUTURE STOCK INVESTMENT

This account pertains to amount of deposits made in 2009 to Abacus Consolidated Resources Holdings, Inc. (Abacon) for the Company's and MSC's joint acquisition of Abacoal, pursuant to the Agreement for Joint Investment executed by the Company and Music Semiconductors Corporation (MSC) on September 24, 2008. This Agreement has already been amended on 21 May 2009 resulting in the assignment by MSC of all its rights to acquire Abacoal's shares of stock to the Company.

4. ADVANCES FROM THIRD PARTIES

On May 31, 2009, the Company and Oriental Vision Mining Corporation (Oriental) entered into a MOA whereby Oriental will undertake exploration and development of a 7,000-hectare coal property in Surigao del Sur owned by Abacoal. Under the MOA, Oriental paid the Company Twenty Five Million (₱25,000,000.00) representing reimbursement of the Company's advances made and to be made to third parties related to the initial exploration and development of the coal property. To date, balance of the deposit amounts to Three Thousand Forty Nine pesos (₱ 3,049).

5. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

This account consists of accrued expenses which represent expenses continuously incurred for maintaining the operational and listing status with the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE) and payroll related expenses. This is composed of stock transfer agent fees and government statutory obligations like withholding taxes, SSS, Phil health and HDMF.

6. CAPITAL STOCK

To address the Company's liquidity shortfalls and raise the needed fund for investment into Abacoal, the Company increased its authorized capital stock from Fifty Million Pesos (₱50,000,000.00) divided into Fifty Million (50,000,000) shares to One Hundred Million Pesos (₱100,000,000.00) divided into One Hundred Million (100,000,000) shares, both with a par value of One Peso (₱1.00) per share. The capital increase was approved by the Securities and Exchange Commission on 30 July 2009. To fund the capital increase, the Company entered into private placement transactions with several investors at the price of ₱1.20 per share. Full payment was made to the Company during the first quarter of 2010. Said shares were approved by the Philippine Stock Exchange for listing on July 14, 2010.

On November 6, 2009, the Company entered into another set of investment agreements with various investors wherein the investors agreed to subscribe by way of private placement to 10 million common shares of stock to be issued out of the unissued and unsubscribed portion of the authorized capital stock of the Company. The shares were subscribed at a price of ₱5.05 per share or for a total of ₱50.5 million, of which 25% or ₱12.6 million has already been paid. The transaction was approved by the BOD on September 14, 2009. The balance of 75% of the gross investment amount was paid in March 2011. Listing application for such shares is currently pending with the PSE.

On Sept. 14, 2010, SEC approved the reduction in the par value of the shares of stock from One Peso (₱1.00) to Ten Centavos (₱0.10). The authorized capital stock of the Corporation shall be One Hundred Million Pesos (₱100,000,000.00) divided into One Billion (1,000,000,000) common shares with par value of Ten Centavos (₱0.10) per share. Also on the same date, the SEC approved the Amended By-laws providing for the creation, powers and functions of the Nomination, Remuneration, Audit, Executive and Finance Committees of the Company.

Per the records of the Corporation, on 24 September 2010, as a result of the approval of the reduction in the par value of the shares of the Company from One Peso (₱ 1.00) per share to Ten Centavos (₱ 0.10) per share, the Philippine Stock Exchange implemented the reduction in the par value and stock split of Lodestar shares. After the reduction in the par value of the shares from One Peso (₱ 1.00) to Ten Centavos (₱0.10) the number and price of shares have been adjusted by multiplying the number of shares by ten (number of shares x 10) and inversely, dividing the price by ten (price/10). Resulting adjustments in the amount of shares and values of consideration were accordingly reflected in the books of the Corporation; insofar as all issued and outstanding shares are concerned, including the private placement shares.

On April 18, 2012, the Board of Directors approved the subscription by investors for shares of stock from the increase in authorized capital stock of the Company. Said increase from One Hundred Million Pesos (₱ 100,000,000.00) divided into One Billion shares at Ten Centavos (₱ 0.10) per share to Three Hundred Million Pesos (₱300,000,000.00) divided into Three Billion (3,000,000,000) shares at Ten Centavos (₱ 0.10) per share. The subscription is pursuant to the approved capital raising plan via capital increase were approved by the shareholders during the 17 December 2009 stockholders' meeting. A total of Five Hundred Million shares will be subscribed via private placement at the subscription price of Seventy Centavos (₱ 0.70) per share.

7. RISK MANAGEMENT

The Company is exposed to a variety of financial risks which resulted from its investing and operating activities. The Company's risk management is coordinated in close cooperation with the BOD, and focuses on actively securing the Company's short-to-medium-term cash flows by minimizing the exposure to financial markets.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed to are described below.

Credit Risk

Credit risk is the risk that a counter party fails to discharge an obligation to the Company. The Company is exposed to this risk for its financial assets (i.e. cash and receivables)

Generally, the maximum credit risk exposure of financial asset is the carrying amount of cash and receivables as shown on the face of the balance sheets.

	June 30, 2013	Dec. 31, 2012
Cash	₱ 1,925,709	₱ 3,406,425
Advances to a stockholder	4,076,772	4,076,772
	₱ 6,002,481	₱ 7,483,197

The Company's cash is actively monitored to avoid significant and unwarranted exposure to credit risk. Cash in bank is secured by an insurance from the PDIC up to ₱500,000 per banking institution. Moreover, the credit risk for the Company's cash in bank is considered negligible since the counterparty is a reputable bank with high liquid credit ratings.

Liquidity Risk

The Company manages its liquidity needs by obtaining additional advances from a stockholder.

As at June 30, 2013 and December 31, 2012, the Company's financial liabilities having contractual maturities of twelve months are presented below:

	June 30, 2013	Dec. 31, 2012
Advances from third parties	3,049	3,049
Accounts Payable and accrued expenses	36,319	33,138
	₱ 39,368	₱ 36,187

8. FINANCIAL INSTRUMENTS

Comparison of Carrying Amounts and Fair Values

The carrying amounts and fair values of the categories of the Company's financial assets and liabilities presented in the statements of financial position are shown below.

	June 30, 2013		Dec. 31,2012	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
Loans and receivables:				
Cash and cash equivalents	**₱1,925,709**	**₱1,925,708**	₱3,406,425	₱3,406,425
Advances to stockholder	**4,076,772**	**4,076,772**	4,076,772	4,076,772
	₱6,002,481	**₱6,002,481**	₱7,483,197	₱7,483,197
Financial Liabilities				
Other financial liabilities:				
Accounts payable and accrued expenses (*)	**₱36,319**	**₱36,319**	₱33,138	₱33,138
Advances from third parties	**3,049**	**3,049**	3,049	3,049
	₱39,368	**₱39,368**	₱36,187	₱36,187

(*) Net of taxes

Fair Value Hierarchy

The financial assets and liabilities measured at fair value in the statements of financial position are categorized in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels.

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and,

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

As of December 31, 2011 (nil in 2012), AFS financial asset is the only financial asset measured at fair value in the statement of financial position and the value is determined under Level 1. There were no financial liabilities measures at fair value as of June 30, 2013 and December 31, 2012.

There were no transfers between level 1 and 2 in both periods.

9. OTHERS

a. These financial reports are prepared in compliance with the quarterly reportorial requirements of the SEC.

b. There were no material transactions affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size, or incidents.
c. There was no subsequent material events not reflected in this interim financial statement.
d. There were no material contingencies and any other events or transactions that are material to the understanding of the interim report.

10. **COMPLIANCE WITH SEC MEMORANDUM CIRCULAR No. 3, Series of 2012**

PFRS9, *Financial Instruments: Classification and Measurement (* effective from January 1, 2015). This is the first part of a new standard on classification and measurement of financial assets and financial liabilities that will replace PAS 39 in its entirety. This chapter deals with two measurement categories for financial assets: amortized cost and fair value. All equity instruments will be measured at fair value while debt instruments will be measured at amortized cost only if the entity is holding it to collect contractual cash flows which represent payment of principal and interest. The accounting for embedded derivatives in host contracts that are financial assets is simplified by removing the requirement to consider whether or not they are closely related, and, in most arrangement, does not require separation from the host contract.

For liabilities, the standard retained most of the PAS 39 requirements which include amortized-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in case where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch.

To date, other chapters of PFRS 9 dealing with impairment methodology and hedge accounting are still being completed.

The Company does not expect to implement and adopt PFRS 9 until its effective date or until all chapters of this new standard have been published. Based on Management's current assessment, this standard has no significant impact to the Company's financial statement except for potential reclassification of fair value gain (losses) on available-for-sale financial assets recorded in other comprehensive income to profit or loss. The Company will continue to assess the possible effect of this standard considering the impact of all changes until its implementation in 2015.

Annex “E”

PLAN OF MERGER

This Plan of Merger to be implemented by and between:

LODESTAR INVESTMENT HOLDINGS CORPORATION, a corporation duly organized and existing under Philippine laws, with business address located at Floor Peak Sun Bldg., 1505 Princeton St.,Shaw Blvd., Bgy Wackwack, Greenhills East, Mandaluyong City, herein represented by its President, ________, hereinafter referred to as “LODESTAR,”

-and-

ABACUS COAL EXPLORATION AND DEVELOPMENT CORPORATION, a corporation duly organized and existing under Philippine laws, with principal office located at No.28 N. Domingo St., New Manila, Quezon City, herein represented by its President, LEONARDO S. GAYAO, hereinafter referred to as “ABACOAL,”

SETS FORTH THAT:

WHEREAS, LODESTAR, being the Surviving Corporation, is an investment holding company incorporated on January 3, 1974 per SEC No. 54106 with the following primary purpose:

> To purchase , subscribe for, or otherwise acquire, own, hold, use, sell, assign, transfer, mortgage, pledge, exchange or dispose of real and/or personal properties of every kind and description, including shares of stock and other securities, contracts, or obligations of any corporation or association, domestic or foreign, and to pay therefore, in whole or in part, in cash or in property or by exchanging stocks, bonds or other corporation, and while the owner or holder of any such real or personal property, stocks, or other securities, contracts or obligations, to receive, collect, and/or dispose of the interest, dividend and/or income from such property, and to possess and exercise in respect thereof all the rights, powers and privileges of ownership, including all voting powers on any stocks so owned; and to do every act and thing covered generally by the denomination “Holding Corporation of other Corporations” through the ownership of stocks therein, provided, however, that the corporation shall not act as an investment company or security broker and/or dealer nor exercise the functions of a trust corporation.

WHEREAS, ABACOAL, being the Absorbed Corporation, is a 100%-owned subsidiary of Abacus Consolidated Resources and Holdings, Inc., with the following primary purpose:

> To engage in the exploration, exploitation, operation, production and development of coal and its derivative products in the Philippines, to locate, search for, prospect, purchase, lease or otherwise acquire coal mining rights or claims, grounds or lodes, and concessions anywhere in the Philippines and operate said properties by maintaining, conducting and carrying on the business of mining, extracting,

concentrating, converting, smelting, treating, processing and otherwise producing and dealing in coal substances and minerals of all kinds; and generally to market, distribute, exchange, sell, dispose of, export, trade, and deal in any and all coal mineral products and by-products which may be derived, produced, prepared, developed, compounded, made or manufactured therefrom.

WHEREAS, the Constituent Corporations (referring to both Surviving and Absorbed Corporations) have deemed it advisable and expedient to merge, and for LODESTAR (the Surviving Corporation) to absorb ABACOAL (the Absorbed Corporation) in furtherance of the best interests of the Constituent Corporations;

NOW, THEREFORE, LODESTAR and ABACOAL do hereby covenant and agree, each with the others, in consideration of the foregoing premises and the mutual agreements contained herein and in accordance with the Corporation Code of the Philippines: that on the effective date of the merger, ABACOAL shall merge with LODESTAR, with LODESTAR as the Surviving Corporation, and hereby agree upon and prescribe that the terms and conditions of the merger and the mode of carrying out the same into effect are, and shall be, as set forth in the following Plan of Merger.

CLAUSE I
Constituent Corporations and Effectivity of Merger

Section 1. ABACOAL shall be merged with and into LODESTAR. Accordingly, upon the approval of the Articles of Merger and issuance of the corresponding Certificate of Filing of the Articles of Merger by the Securities and Exchange Commission ("SEC"), ABACOAL shall cease to exist by operation of law.

Section 2. The effectivity of the Plan of Merger and Articles of Merger among LODESTAR and ABACOAL shall be subject to the due approval of the SEC of the filing of the Plan of Merger and Articles of Merger of the Constituent Corporations.

CLAUSE II
Assets and Liabilities Transferred

Section 1. Subject to the fulfillment of the conditions hereafter set forth and the final approval of this Plan of Merger by the SEC, ABACOAL shall convey, assign and transfer to LODESTAR all their assets and liabilities existing as of 31 December 2012 and such assets and liabilities that may exist, now or in the future, and until the Effective Date of Merger, as this term is defined under Clause VII hereof. ABACOAL's assets shall be deemed to be assigned, conveyed, transferred and vested in LODESTAR, by operation of law under Section 80(4) of the Corporation Code without need of further act or deed. Said assets consist, among others, of the:

a) ABACOAL'S coal mining rights represented by Coal Operating Contract (COC) No. 148 with the Department of Energy, covering Coal Block Nos. L38-84 to –89 and L38-249, located in Tago and Marihatag, Surigao del Sur;

a Copy of Coal Operating Contract (COC) No. 148, with other documents showing ABACOAL's ownership of the coal mining rights thereunder is hereto attached as Annex A and made an integral part hereof.

Section 2. ABACOAL shall transfer to LODESTAR all its assets and liabilities existing as of 31 December 2012 as stated in their Audited Financial Statements and Interim Financial Statements for the first and second quarters of 2013. Copies of the Audited Financial Statements as of 31 December 2012 and Interim Financial Statements for the first and second quarters of 2013 of ABACOAL are attached hereto as Annexes "B", "C" and "D" and made integral parts hereof.

Section 3. Up until the Effective Date of Merger and in addition to the aforementioned liabilities of ABACOAL as stated in their Audited Financial Statements as of 31 December 2012 as stated in their Audited Financial Statements and Interim Financial Statements for the first and second quarters of 2013, LODESTAR shall assume any and all liabilities of ABACOAL, if any. Provided however, that LODESTAR shall be able to exercise all of the defenses, rights, privileges, and counter-claims of any kind which ABACOAL may have under the circumstances. Provided finally, that ABACOAL shall not incur any expenses other than normal overhead and licensing expenses nor incur liabilities without the consent of LODESTAR.

Section 4. From now until the Effective Date of the Merger, ABACOAL shall not, without LODESTAR's consent, (1) declare any dividends (2) issue any stock options, warrants or subscriptions, (3) increase the salaries, benefits and other emoluments of any employee, officer or director, (4) enter into or engage in any activity or contract concerning, relating to and / or affecting the Coal Operating Contract and / or (5) disregard or default from any obligation that may materially affect the status and / or effectivity of the Coal Operating Contract.

CLAUSE III
Issuance of LODESTAR Shares to Stockholders of ABACOAL

Section 1. LODESTAR (the Surviving Corporation) shall issue Three hundred thirty three million three hundred thirty three thousand three hundred thirty three (333,333,333) LODESTAR shares at Ninety Centavos (₱.90) per share or a total value of approximately Three Hundred Million Pesos (₱300,000,000.00) in favor of Abacus Consolidated Resources & Holdings, Inc. (ACRHI), the owner of the entire issued and outstanding capital stock of ABACOAL (the Absorbed Corporation).

CLAUSE IV
Taxes

Section 1. Subject to the provisions of Section 40(c)(2) of the National Internal Revenue Code, any and all taxes or charges which the National Government or any of its agencies may impose, by virtue of and by reason of the merger of ABACOAL with LODESTAR shall be for the account of LODESTAR.

Section 2. LODESTAR and ABACOAL shall jointly file and secure from the Bureau of Internal Revenue (BIR) a certification that the aforementioned merger is a tax-free merger, pursuant to Section 40(c)(2) of the NIRC.

CLAUSE V
Directors and Officers

Section 1. The incumbent directors and officers of LODESTAR shall continue to be the directors and officers of the Surviving Corporation, for the balance of their unexpired term and until their successor shall have been duly elected and qualified in accordance with the By-laws of LODESTAR.

Section 2. The incumbent respective directors and officers of ABACOAL shall continue to be directors and officers thereof, until the Effective Date of Merger, provided that, on the day following the Effective Date of Merger, said directors and officers, except solely for the purpose of implementing the Plan of Merger, shall not perform any act or enter into any agreement, nor exercise any act pertaining to the day-to-day business of the corporation concerned, without the express consent and written authority of LODESTAR or its authorized representatives.

CLAUSE VI
Effects of Merger

Section 1. Upon the Effective Date of Merger, the separate corporate existence of ABACOAL which is merged into and with LODESTAR by virtue of and pursuant to this Plan of Merger shall thereby be dissolved, and thereupon, all rights, privileges, powers, immunities, franchises, assets and property of ABACOAL, whether real or personal, and all debts due to ABACOAL on whatever act, and all other things in action belonging to ABACOAL as of the Effective Date of Merger shall be vested in LODESTAR, the Surviving Corporation, without need of further act or deed.

Section 2. Upon the effectivity of the merger, the beneficial owner of the entire outstanding capital stock of ABACOAL (the Absorbed Corporation), Abacus Consolidated Resources and Holdings, Inc. (ACHRI), shall surrender for cancellation to the Corporate Secretary of LODESTAR all stock certificates representing the entire outstanding capital stock of ABACOAL consisting of 30,000,000,000 ABACOAL shares at P0.01 par value. In exchange therefor, the Corporate Secretary of LODESTAR shall issue in favor of ACHRI stock certificate/s representing 333,333,333 LODESTAR shares.

CLAUSE VII
Effective Date of Merger

Section 1. The Effective Date of Merger shall, for all intents and purposes, be deemed to be the date when the Plan of Merger and Articles of Merger have been approved by the Securities and Exchange Commission.

CLAUSE VIII
Implementation and Government Approvals of Merger

Section 1. The Constituent Corporations and their respective proper officers will, from time to time, execute such documents or deeds and do such acts as the Surviving Corporation may deem reasonably necessary or desirable in order to vest in and confirm to the Surviving Corporation title to and possession of the rights, privileges, properties, assets and business of the Absorbed Corporation.

Section 2. The Constituent Corporations bind themselves to cooperate with each other and exert their best efforts in securing all the necessary and appropriate approvals of this merger from the proper authorities or government agencies, such as the Securities and Exchange Commission, Bureau of Internal Revenue, etc.

CLAUSE IX
Number of Shares Issued & Outstanding

Section 1. The total number of shares issued and outstanding of the ABACOAL as of date hereof are as follows:

	Par Value	Authorized		Subscribed		Paid-up
		No. of Shares	Amount	No. of Shares	Amount	
ABACOAL	P0.01	30,000,000,000	P300,000,000.00	30,000,000,000	P300,000,000.00	P300,000,000.00

Section 2. The total number of shares outstanding of LODESTAR as of the date hereof is:

	Par Value	Authorized		Subscribed		Paid-up
		No. of Shares	Amount	No. of Shares	Amount	
LODESTAR	P0.10	1,000,000,000	P100,000,000.00	740,000,000	P74,000,000.00	P74,000,000.00

CLAUSE X
Number of Shares Voting for the Plan of Merger

Section 1. Out of the total issued and outstanding shares of stock of ABACOAL, the number of shares represented by the stockholders who voted for and ratified the Plan and Articles of Merger during the Special Stockholder's Meeting duly called for the purpose were as follows:

	Date of Stockholders' Meeting	No. of Shares in Favor of Plan/Articles of Merger
ABACOAL	________________	30,000,000,000

Section 2. Out of the total issued and outstanding shares of stock of LODESTAR, the number of shares represented by the stockholders who voted for and ratified the Plan and Articles of Merger during the Special Stockholder's Meeting duly called for the purpose were as follows:

	Date of Stockholders' Meeting	No. of Shares in Favor of Plan/Articles of Merger
LODESTAR	________________	_______________

IN WITNESS WHEREOF, the duly authorized representatives of LODESTAR and ABACOAL have executed this Plan of Merger this ____ day of ___________, 20_____ in Quezon City.

LODESTAR INVESTMENT HOLDINGS CORPORATION

By:

____
President

ABACUS COAL EXPLORATION & DEVELOPMENT CORPORATION

By:

____
President

Signed in the presence of:

________________________ ________________________

The undersigned, being the Corporate Secretaries of **LODESTAR INVESTMENT HOLDINGS CORPORATION** and **ABACUS COAL EXPLORATION & DEVELOPMENT CORPORATION**, the Constituent Corporations, certify that the foregoing Plan of Merger was signed by the President of **LODESTAR INVESTMENT HOLDINGS CORPORATION** and **ABACUS COAL EXPLORATION & DEVELOPMENT CORPORATION** after approval of the Plan of Merger by more than two-thirds (2/3) of the outstanding capital stock of the respective corporations during their respective stockholders' meetings.

____
Corporate Secretary
LODESTAR INVESTMENT
HOLDINGS CORPORATION

____
Corporate Secretary
ABACUS COAL EXPLORATION
& DEVELOPMENT CORPORATION

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
_____________________________) S.S

BEFORE ME, a Notary Public for and in ____________ , this _____________ personally appeared the following:

Name	Competent Identification	Valid Until

all known to me and to me known to be the same persons who executed the foregoing instrument and acknowledged to me that the same is their own free and voluntary act and deed, and that of the Corporations they represent.

WITNESS MY HAND AND SEAL.

Doc. No. __________;
Page No. __________;
Book No. __________;
Series of 201__

ANNEX "F"

ARTICLES OF MERGER

OF

LODESTAR INVESTMENT HOLDINGS CORPORATION
(Surviving Corporation)

AND

ABACUS COAL EXPLORATION AND DEVELOPMENT CORPORATION
(Absorbed Corporation)

KNOW ALL MEN BY THESE PRESENTS:

Pursuant to the provisions of Section 78 of the Corporation Code of the Philippines, Batas Pambansa Blg. 68 (hereinafter referred to as the "Corporation Code"), the undersigned corporations have each adopted and hereby execute the following Articles of Merger for the purpose of merging **LODESTAR INVESTMENT HOLDINGS CORPORATION ("LODESTAR"),** as the Surviving Corporation, and **ABACUS COAL EXPLORATION AND DEVELOPMENT CORPORATION ("ABACOAL")** as the Absorbed Corporation**.**

ARTICLE I: PLAN OF MERGER

The following Plan of Merger (the "Plan of Merger") was approved by at least a majority vote of the Board of Directors of **LODESTAR** and **ABACOAL** and by the affirmative vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock of LODESTAR and ABACOAL at separate corporate meetings duly called for the purpose in accordance with and in the manner prescribed under Section 76 and 77 of the Corporation Code.

PLAN OF MERGER

WHEREAS, LODESTAR, being the Surviving Corporation, is an investment holding company incorporated on January 3, 1974 per SEC No. 54106 with the following primary purpose:

> To purchase , subscribe for, or otherwise acquire, own, hold, use, sell, assign, transfer, mortgage, pledge, exchange or dispose of real and/or personal properties of every kind and description, including shares of stock and other securities, contracts, or obligations of any corporation or association, domestic or foreign, and to pay therefore, in whole or in part, in cash or in property or by exchanging stocks, bonds or other corporation, and while the owner or holder of any such real or personal property, stocks, or other securities, contracts or obligations, to receive, collect, and/or dispose of the interest, dividend and/or income from such property, and to possess and exercise in respect thereof all

> the rights, powers and privileges of ownership, including all voting powers on any stocks so owned; and to do every act and thing covered generally by the denomination “Holding Corporation of other Corporations” through the ownership of stocks therein, provided, however, that the corporation shall not act as an investment company or security broker and/or dealer nor exercise the functions of a trust corporation.

WHEREAS, ABACOAL, being the Absorbed Corporation, is a 100%-owned subsidiary of Abacus Consolidated Resources and Holdings, Inc., with the following primary purpose:

> To engage in the exploration, exploitation, operation, production and development of coal and its derivative products in the Philippines, to locate, search for, prospect, purchase, lease or otherwise acquire coal mining rights or claims, grounds or lodes, and concessions anywhere in the Philippines and operate said properties by maintaining, conducting and carrying on the business of mining, extracting, concentrating, converting, smelting, treating, processing and otherwise producing and dealing in coal substances and minerals of all kinds; and generally to market, distribute, exchange, sell, dispose of, export, trade, and deal in any and all coal mineral products and by-products which may be derived, produced, prepared, developed, compounded, made or manufactured therefrom.

WHEREAS, the Constituent Corporations (referring to both Surviving and Absorbed Corporations) have deemed it advisable and expedient to merge, and for LODESTAR (the Surviving Corporation) to absorb ABACOAL (the Absorbed Corporation) in furtherance of the best interests of the Constituent Corporations;

NOW, THEREFORE, LODESTAR and ABACOAL do hereby covenant and agree, each with the others, in consideration of the foregoing premises and the mutual agreements contained herein and in accordance with the Corporation Code of the Philippines: that on the effective date of the merger, ABACOAL shall merge with LODESTAR, with LODESTAR as the Surviving Corporation, and hereby agree upon and prescribe that the terms and conditions of the merger and the mode of carrying out the same into effect are, and shall be, as set forth in the following Plan of Merger.

CLAUSE I
Constituent Corporations and Effectivity of Merger

Section 1. ABACOAL shall be merged with and into LODESTAR. Accordingly, upon the approval of the Articles of Merger and issuance of the corresponding Certificate of Filing of the Articles of Merger by the Securities and Exchange Commission (“SEC”), ABACOAL shall cease to exist by operation of law.

Section 2. The effectivity of the Plan of Merger and Articles of Merger among LODESTAR and ABACOAL shall be subject to the due approval of the SEC of the filing of the Plan of Merger and Articles of Merger of the Constituent Corporations.

CLAUSE II
Assets and Liabilities Transferred

Section 1. Subject to the fulfillment of the conditions hereafter set forth and the final approval of this Plan of Merger by the SEC, ABACOAL shall convey, assign and transfer to LODESTAR all their assets and liabilities existing as of 31 December 2012 and such assets and liabilities that may exist, now or in the future, and until the Effective Date of Merger, as this term is defined under Clause VII hereof. ABACOAL's assets shall be deemed to be assigned, conveyed, transferred and vested in LODESTAR, by operation of law under Section 80(4) of the Corporation Code without need of further act or deed. Said assets consist, among others, of the:

a) ABACOAL'S coal mining rights represented by Coal Operating Contract (COC) No. 148 with the Department of Energy, covering Coal Block Nos. L38-84 to –89 and L38-249, located in Tago and Marihatag, Surigao del Sur;

a Copy of Coal Operating Contract (COC) No. 148, with other documents showing ABACOAL's ownership of the coal mining rights thereunder is hereto attached as Annex "A" and made an integral part hereof.

Section 2. ABACOAL shall transfer to LODESTAR all its assets and liabilities existing as of 31 December 2012 as stated in their Audited Financial Statements and Interim Financial Statements for the first and second quarters of 2013. Copies of the Audited Financial Statements as of 31 December 2012 and Interim Financial Statements for the first and second quarters of 2013 of ABACOAL are attached hereto as Annexes "B" and "C" and made integral parts hereof.

Section 3. Up until the Effective Date of Merger and in addition to the aforementioned liabilities of ABACOAL as stated in their Audited Financial Statements as of 31 December 2012 and Interim Financial Statements for the first and second quarters of 2013, LODESTAR shall assume any and all liabilities of ABACOAL, if any. Provided however, that LODESTAR shall be able to exercise all of the defenses, rights, privileges, and counter-claims of any kind which ABACOAL may have under the circumstances. Provided finally, that ABACOAL shall not incur any expenses other than normal overhead and licensing expenses nor incur liabilities without the consent of LODESTAR.

Section 4. From now until the Effective Date of the Merger, ABACOAL shall not, without LODESTAR's consent, (1) declare any dividends (2) issue any stock options, warrants or subscriptions, (3) increase the salaries, benefits and other emoluments of any employee, officer or director, (4) enter into or engage in any activity or contract concerning, relating to and / or affecting the Coal Operating Contract and / or (5) disregard or default from any obligation that may materially affect the status and / or effectivity of the Coal Operating Contract.

CLAUSE III
Issuance of LODESTAR Shares to Stockholders of ABACOAL

Section 1. LODESTAR (the Surviving Corporation) shall issue Three hundred thirty three million three hundred thirty three thousand three hundred thirty three (333,333,333) LODESTAR shares at Ninety Centavos (₱.90) per share or a total value of approximately Three Hundred Million Pesos (₱300,000,000.00) in favor of Abacus Consolidated Resources & Holdings, Inc. (ACRHI), the owner of the entire issued and outstanding capital stock of ABACOAL (the Absorbed Corporation).

CLAUSE IV
Taxes

Section 1. Subject to the provisions of Section 40(c)(2) of the National Internal Revenue Code, any and all taxes or charges which the National Government or any of its agencies may impose, by virtue of and by reason of the merger of ABACOAL with LODESTAR shall be for the account of LODESTAR.

Section 2. LODESTAR and ABACOAL shall jointly file and secure from the Bureau of Internal Revenue (BIR) a certification that the aforementioned merger is a tax-free merger, pursuant to Section 40(c)(2) of the NIRC.

CLAUSE V
Directors and Officers

Section 1. The incumbent directors and officers of LODESTAR shall continue to be the directors and officers of the Surviving Corporation, for the balance of their unexpired term and until their successor shall have been duly elected and qualified in accordance with the By-laws of LODESTAR.

Section 2. The incumbent respective directors and officers of ABACOAL shall continue to be directors and officers thereof, until the Effective Date of Merger, provided that, on the day following the Effective Date of Merger, said directors and officers, except solely for the purpose of implementing the Plan of Merger, shall not perform any act or enter into any agreement, nor exercise any act pertaining to the day-to-day business of the corporation concerned, without the express consent and written authority of LODESTAR or its authorized representatives.

CLAUSE VI
Effects of Merger

Section 1. Upon the Effective Date of Merger, the separate corporate existence of ABACOAL which is merged into and with LODESTAR by virtue of and pursuant to this Plan of Merger shall thereby be dissolved, and thereupon, all rights, privileges, powers, immunities, franchises, assets and property of ABACOAL, whether real or personal, and all debts due to ABACOAL on whatever act, and all other things in action belonging to ABACOAL as of the Effective Date of Merger shall be vested in LODESTAR, the Surviving Corporation, without need of further act or deed.

Section 2. Upon the effectivity of the merger, the beneficial owner of the entire outstanding capital stock of ABACOAL (the Absorbed Corporation), Abacus Consolidated Resources and Holdings, Inc. (ACHRI), shall surrender for cancellation to the Corporate Secretary of LODESTAR all stock certificates representing the entire outstanding capital stock of ABACOAL consisting of 30,000,000,000 ABACOAL shares at P0.01 par value. In exchange therefor, the Corporate Secretary of LODESTAR shall issue in favor of ACHRI stock certificate/s representing 333,333,000 LODESTAR shares.

CLAUSE VII
Effective Date of Merger

Section 1. The Effective Date of Merger shall, for all intents and purposes, be deemed to be the date when the Plan of Merger and Articles of Merger have been approved by the Securities and Exchange Commission.

CLAUSE VIII
Implementation and Government Approvals of Merger

Section 1. The Constituent Corporations and their respective proper officers will, from time to time, execute such documents or deeds and do such acts as the Surviving Corporation may deem reasonably necessary or desirable in order to vest in and confirm to the Surviving Corporation title to and possession of the rights, privileges, properties, assets and business of the Absorbed Corporation.

Section 2. The Constituent Corporations bind themselves to cooperate with each other and exert their best efforts in securing all the necessary and appropriate approvals of this merger from the proper authorities or government agencies, such as the Securities and Exchange Commission, Bureau of Internal Revenue, etc.

CLAUSE IX
Number of Shares Issued & Outstanding

Section 1. The total number of shares issued and outstanding of the ABACOAL as of date hereof are as follows:

	Par Value	Authorized		Subscribed		Paid-up
		No. of Shares	Amount	No. of Shares	Amount	
ABACOAL	P0.01	30,000,000,000	P300,000,000.00	30,000,000,000	P300,000,000.00	P300,000,000.00

Section 2. The total number of shares outstanding of LODESTAR as of the date hereof is:

	Par Value	Authorized		Subscribed		Paid-up
		No. of Shares	Amount	No. of Shares	Amount	
LODESTAR	P0.10	1,000,000,000	P100,000,000.00	740,000,000	P74,000,000.00	P74,000,000.00

CLAUSE X
Number of Shares Voting for the Plan of Merger

Section 1. Out of the total issued and outstanding shares of stock of ABACOAL, the number of shares represented by the stockholders who voted for and ratified the Plan and Articles of Merger during the Special Stockholder's Meeting duly called for the purpose were as follows:

	Date of Stockholders' Meeting	**No. of Shares in Favor of Plan/Articles of Merger**
ABACOAL	________________	30,000,000,000

Section 2. Out of the total issued and outstanding shares of stock of LODESTAR, the number of shares represented by the stockholders who voted for and ratified the Plan and Articles of Merger during the Special Stockholder's Meeting duly called for the purpose were as follows:

	Date of Stockholders' Meeting	**No. of Shares in Favor of Plan/Articles of Merger**
LODESTAR	________________	_______________

IN WITNESS WHEREOF, the duly authorized representatives of LODESTAR and ABACOAL, have executed this Articles of Merger this _______ day of ______________, 20____ in Quezon City.

LODESTAR INVESTMENT HOLDINGS CORPORATION

By:

President

ABACUS COAL EXPLORATION & DEVELOPMENT CORPORATION

By:

President

Signed in the presence of:

________________________ ________________________

The undersigned, being the Corporate Secretary of **LODESTAR INVESTMENT HOLDINGS CORPORATION** and **ABACUS COAL EXPLORATION & DEVELOPMENT CORPORATION**, the Constituent Corporations, certify that the foregoing Articles of Merger was signed by the President of **LODESTAR INVESTMENT HOLDINGS CORPORATION** and **ABACUS COAL EXPLORATION & DEVELOPMENT CORPORATION** after approval of the Articles of Merger by more than two-thirds (2/3) of the outstanding capital stock of the respective corporations during their respective stockholders' meetings.

____
Corporate Secretary
LODESTAR INVESTMENT
HOLDINGS CORPORATION

____
Corporate Secretary
ABACUS COAL EXPLORATION &
DEVELOPMENT CORPORATION

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
______________________________) S.S

BEFORE ME, a Notary Public for and in ____________ , this _____________ personally appeared the following:

Name	Competent Identification	Valid Until

all known to me and to me known to be the same persons who executed the foregoing instrument and acknowledged to me that the same is their own free and voluntary act and deed, and that of the Corporations they represent.

WITNESS MY HAND AND SEAL.

Doc. No. __________;
Page No. __________;
Book No. __________;
Series of 20____.

ANNEX "G"

FINANCIAL INFORMATION ON LODESTAR INVESTMENT HOLDINGS CORPORATION RELATIVE TO THE MERGER

PART I – BUSINESS

(1) A. Business

On January 3, 1974, Lodestar Mining Corporation (now Lodestar Investment Holdings Corporation) ("LIHC" or the Company") was incorporated in the Philippines and established primarily as a mining and natural resources exploration company. The Company was engaged in the development of several gold and chromite mining claims in Masbate, Cebu, Negros Occidental and Palawan.

In 1988, the Company filed with the Securities and Exchange Commission ("SEC") an application for the increase of its capital stock to ,000,000.00 divided into 50,000,000 shares with par value of .00 per share from ,000,000.00 divided into 1,000,000,000 shares with par value of .01 per share. The Company also filed with the then Manila and Makati Stock Exchanges, now referred to as the Philippine Stock Exchange ("PSE") an application for the listing of the 30,000,000 common shares. On October 11, 1988, the SEC issued to the Company a Certificate of Permit to Offer Securities for Sale and rendered the Registration Statement to be effective. The Company was able to complete its initial public offering and the listing of the Company's shares was made effective on May 26, 1989.

In October 2003, the name and primary purpose of the Company were changed to reflect a change from a mining company to an investment holding company, among others. On September 23, 2003, the Board of Directors filed with the SEC the proposed amendments to the Company's Articles of Incorporation and By-laws. As an investment holding company, the Company will have flexibility in pursuing new business ventures that would enhance shareholder value over time.

On July 7, 2005, the Board of Directors approved the write-off of the aforementioned mining properties or claims in its financial statement as of June 30, 2005. The mining properties were reviewed as to impairment in accordance with SFAS 36/IAS 36: Impairment of Assets.

The Company, as an investment holding company, continues to evaluate various business opportunities that are viable, growing, and profitable business ventures. On September 26, 2008, the Board of Directors authorized the Company to enter into a Heads of Agreement with Abacus Consolidated Resources and Holdings, Inc. ("ABACON") and Musx Corporation ("Musx") for the joint acquisition by the Company and Musx of all the outstanding and issued shares of Abacus Coal Exploration and Development Corporation ("ABACOAL"). The Company and Musx have likewise entered into an Agreement for Joint Investment whereby the investment parameters for such investment into ABACOAL are set forth.

Under the Heads of Agreement and the Agreement for Joint Investment, upon completion of the transactions contemplated thereunder, Musx will own fifty five percent (55%) of the issued and outstanding capital stock of ABACOAL, while the Company will own forty five (45%) of the issued and outstanding capital stock of ABACOAL. The consideration for the sale of the issued and outstanding shares of stock of ABACOAL shall be in the form of cash and shares of stock. The cash component due from the Company amounting to Thirty Three Million Seven Hundred Fifty Thousand Pesos (,750,000.00) shall be effected in staggered payments.

On 12 December 2008, the stockholders of the Company approved the capital increase of the Company from ,000,000.00 divided into 50,000,000 shares at P1.00 per share to ,000,000.00 divided into 100,000,000 shares at .00 per share. In line with this application for capital increase, the Board of Directors of the Company, during its special meeting held on 13 March 2009, approved the private placement offering of 14,000,000 shares at the price of .20 per share. Said private placement shall fund the increase in authorized capital stock. The increase in capital and private placement will be undertaken in preparation for the stock rights offering to existing stockholders to take place immediately after the increase in capital is approved by the SEC.

On May 21, 2009, the Company executed an Amendment to the Agreement for Joint Investment with Musx Corporation. The amendment primarily consists in the assignment to the Company of Musx's fifty five percent (55%) interest in ABACOAL subject to the terms and conditions provided in the said agreement. As a result, the Company acquired the right to purchase one hundred percent (100%) of the shares of stock of ABACOAL which necessitated a bigger capital expenditure on the part of the Company.

On May 31, 2009, the Company executed a Memorandum of Agreement with Oriental Vision Mining Corporation ("Oriental") (to undertake exploration and development activities of the coal properties of ABACOAL over which the Company has controlling stake. Oriental has built a good reputation as a premiere mining operations company. Under the agreement, Oriental shall develop and operate the Coal Property and pay the Company a royalty fee of Eight Percent (8%) of gross coal price per ton based on FOB loaded to vessel payable within 45 days from receipt of payment by Oriental Vision. Oriental likewise paid the company Twenty Five Million Pesos (,000,000.00) upon signing of the MOA, as and by way of reimbursement of expenses incurred by the Company in the development of the ABACOAL project.

On September 14, 2010, the Securities and Exchange Commission approved the reduction in the par value of the shares of stock of the Company from One Peso (₱ 1.00) to Ten Centavos (.10), thereby, adjusting the authorized capital stock to one billion (1,000,000,000) common shares of which
seven hundred forty million (740,000,000) shares have been subscribed.

On December 22, 2010, the stockholders during its annual meeting approved the proposed reduction in the par value of the shares of stock of the Company from Ten Centavos (.10) per share to One Centavo (P0.01) per share resulting in a stock split of ten (10) shares for every one (1) share owned. This plan to reduce the par value of the Company's shares of stock is not yet implemented.

On April 12, 2011, the Department of Energy has issued its approval on the company's proposed 5-year work program relative to the application for conversion of Coal Operating Contract no. 148 located in Tago, Surigao del Sur from Exploration Phase to Development and Production Phase.

The Company has never been engaged in any bankruptcy, receivership or other similar proceedings. Neither has the Company undergone any material reclassification, merger, consolidation or purchase or sale of a significant amount of assets not in the ordinary course of business.

B. Properties

The Company has a contracted interest in ABACOAL. Thus, the Company has a contingent and prospective ownership interest in one hundred percent (100 %) of the shares of stock of ABACOAL, a coal development company with a Coal Operating Contract over a 7,000 hectare property in Surigao del Sur.

The Company has no real properties.

C. Legal Proceedings

The Company has never been a subject or party to any legal proceeding, material or otherwise. Neither is any property of the Company a subject to any legal proceeding, material or otherwise.

PART II – SECURITIES OF REGISTRANT

A. Market for Issuer's Common Equity and Related Stockholder Matters

The principal market of the Company's shares is the Philippine Stock Exchange (PSE).

On 16 October 2013, the stock of the Corporation opened at ₱ 1.09 per share, had a high of ₱ 1.18 per share and a low of ₱ 1.08per share. The stock closed at ₱ 1.10 per share with a volume of 13,840,000 shares traded in the market.

The table below summarizes performance of the stock of the Corporation in the market for each quarter for the past two calendar years (based on closing prices of the shares with the PSE):

Period	High	Low	Weighted Average
Quarter 2011	0.89	0.68	0.75
quarter 2011	0.94	0.69	0.83
Quarter 2011	1.27	0.77	0.98
Quarter 2011	0.82	0.66	0.75
Quarter 2012	1.49	0.76	1.07
Quarter 2012	1.28	1.02	1.14
3rd Quarter 2012	1.29	1.02	1.10
4th Quarter 2012	1.31	0.96	1.08
1st Quarter 2013	1.04	0.87	0.95
2nd Quarter 2013	0.93	0.61	0.81
3rd Quarter 2013	0.78	0.67	0.71

Common shares outstanding as at 4 October 2013 are 740,000,000 shares per the records of RGFS Registry and Agency Services, Inc.

The following table presents the Company's top 20 shareholders as at 4 October 2013:

	STOCKHOLDER	**NATIONALITY**	**TOTAL SHARES**	**PERCENTAGE OF OWNERSHIP**
1	ABACUS SECURITIES CORPORATION	FIL	101,644,900	13.74%
2	KINGS POWER SECURITIES, INC.	FIL	72,175,000	9.75%
3	RENATO L. REYES	FIL	72,000,000	9.73%
4	TOWER SECURITIES, INC.	FIL	40,383,000	5.46%
5	PCCI SECURITIES BROKERS CORP.	FIL	31,415,500	4.25%
6	MERIDGN SECURITIES, INC.	FIL	30,489,000	4.12%
7	RAMON L. ABAD JR.	FIL	28,000,000	3.78%
8	FIRST METRO SECURITIES BROKERAGE CORP	FIL	22,243,000	3.01%
9	NIEVES SECURITIES, INC.	FIL	20,098,000	2.72%
10	COL Financial Group, lnc.	FIL	17,118,000	2.31%
11	ACCORD CAPITAL EQUITIES CORPORATION	FIL	14,891,944	2.01%
12	GOLDSTAR SECURITIES, INC.	FIL	14,682,000	1.98%
13	SB EQUITIES,INC.	FIL	14,336,000	1.94%
14	WEALTH SECURITIES, INC.	FIL	13,709,000	1.85%
15	BELSON SECURITIES, INC.	FIL	12,386,000	1.67%
16	E. CHUA CHGCO SECURITIES, INC.	FIL	12,051,000	1.63%
17	EVERGREEN STOCK BROKERAGE & SEC., INC.	FIL	10,049,000	1.36%
18	PREMIUM SECURITIES, INC.	FIL	9,789,000	1.32%
19	SOLAR SECURITIES, INC.	FIL	9,618,000	1.30%
20	BPI SECURITIES CORPORATION	FIL	8,739,000	1.18%

No dividends were declared by the Corporation for the period covered by this report.

ANNEX “H”

FINANCIAL INFORMATION ON ABACUS COAL EXPLORATION AND DEVELOPMENT CORPORATION RELATIVE TO THE MERGER

PART I – BUSINESS

A. Business

Abacus Coal Exploration and Development Corporation (ABACOAL) is a domestic corporation incorporated on 9 November 2007 for the purpose of engaging in the exploration, exploitation, operation, production and development of coal and its derivative products. ABACOAL’s principal office is located at 28 N. Domingo St., New Manila, Quezon City. At the time of incorporation, ABACOAL had an authorized capital stock of P20million, of which P5million was subscribed and P2.5 million paid-up. ABACOAL is a wholly owned subsidiary of Abacus Consolidated and Resources and Holdings, Inc. (ACRHI), a publicly listed company which operates as a holding company.

B. Properties

On 23 September 2008, ACRHI executed a Deed of Assignment of Mining Rights in Exchange for Shares with ABACOAL. By virtue of said deed, ACRHI assigned its coal mining rights represented by Coal Operating Contract (COC) No. 148 in favor of ABACOAL, in exchange for which ABACOAL was to issue P295 million worth of new shares.

On 13 November 2008, ABACOAL filed with the SEC its application to increase its authorized capital stock from P20 million to P300 million. The issuance of P295 million from the original capital stock and from the increase of P280 million was fully subscribed by ACRHI and fully paid by way of assignment of mining rights. The valuation of mining rights was evidenced by a Valuation Report issued by Cuervo Appraisers, Inc. dated 22 May 2008 (CAI06-2007-0415-003), which estimated the fair value at P2,693,403,665.

On 24 December 2008, the SEC approved ABACOAL’s increase of capital stock from P20 million to P300 million.

After the assignment by ACRHI of its coal mining rights represented by Coal Operating Contract No. 148 covering Coal Block Nos. L38-84 to –89 and L38-249 located in Tago and Marihatag, Surigao del Sur, in favor of ABACOAL in exchange for the latter’s shares, ABACOAL became the owner of the said coal mining property. It engaged in the field mapping and geological survey of the area and performed exploration drillings to determine the presence of coal deposits.

On 2 October 2008, ABACOAL applied for the extension of the exploration period for another two years with the Department of Energy (DOE). On 5 February 2009, the DOE approved said extension.

On 22 December 2009, ABACOAL submitted to the DOE the required feasibility study and five-year work program covering Coal Blocks L38-84 and L38-85 relative to the application for the conversion of COC No. 148 from Exploration Phase to Development and Production Phase. On 12 April 2011, the DOE approved the conversion of COC No. 148 from the Exploration Phase to the Development and Production Phase.

To date, ABACOAL is yet to secure the Environmental Compliance Certificate (ECC) and Clearance from the National Commission on Indigenous People (NCIP) prior to actual operation. ABACOAL expects to start operation in the latter part of 2012 once the necessary permits have been secured.

ABACOAL has no subsidiaries.

None of the properties mentioned above is subject to a mortgage or other encumbrance.

ABACOAL has no significant lease properties.

C. Legal Proceedings

Bankruptcy, Receivership or Similar Proceedings

The company has not been subject to bankruptcy, receivership or similar proceedings during the past three fiscal years and does not foresee being subject to such proceedings in the immediate future.

There are no pending legal proceedings that are material to which ABACOAL and/or affiliates is a party or of which any of its property or the property of its affiliates is the subject.

Material Reclassification, Merger, Consolidation, or Purchase or Sale of a significant amount of assets (not in the ordinary course of business)

Except for the proposed merger with Lodestar there was no material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business.

D. Products and Relations Information

Principal Products, Services and Markets

ABACOAL's coal mining business is still in its pre-operating stage. In the event actual operation yields significant results, the company's products will consist of coal resources and its derivatives. The principal market for ABACOAL's product will be dependent on market demands at the time of production.

Distribution Methods of Products or Services

ABACOAL will have its own personnel assigned to the marketing of products.

Competition

Since the company's coal mining business is still in its pre-operating stage, competition among producers of coal is not very significant given its high worldwide demand. Once this demand dips, however, the company will face greater competition from mining companies in the Philippines and in other mine-producing countries.

Sources and Availability of Raw Materials and the Names of Principal Suppliers

There have been no principal suppliers contracted or raw materials sourced as ABACOAL is not yet in production stage.

Customers

While the business of ABACOAL is still in its pre-operating stage, the same is not expected to be dependent upon a single or few customers, neither will the loss of any or more of which would have a material adverse affect on the company. No customer accounts for or based on existing orders will account for twenty percent or more of the corporation's sales. There is currently no major existing sales contract.

E. Transactions with and/or Dependence on Related Parties

Related party transactions consist of advances to and from related parties which are acquired by ABACOAL from its parent company and other affiliates for its working capital requirements, These advances are non-interest bearing and are payable on demand.

Advances from Abacus Consolidated Resources and Holdings, Inc, ABACOAL's parent, as of the year ended December 31, 2012 and 2011, are as follows:

	2012	**2011**
Balance, end	P 4,131,739	P 4,030,189

Additional Advances received from ACRHI during the year were used for ABACOAL's operating requirements.

F. Licenses/Government Approvals/Regulations

In the normal course of its operation, the company will secure government approvals such as the Environmental Compliance Certificate, Clearance from the NCIP etc. ABACOAL also yearly secures and renews its business permit from the city government.

Applications for securing the Environmental Compliance Certificate and Clearance from the NCIP are already in process and the company expects to secure the same within the current year.

Effect of Existing or Probable Government Regulations on the Business

Except for the Environmental Compliance Certificate and Clearance from the NCIP mentioned above, ABACOAL has so far complied and will ensure compliance with all the government requirements necessary for its operations and does not expect future government regulations to have material impact on its normal operations**.**

Costs and Effects of Compliance with Environmental Laws

Consultancy fees, geologist fees, surveying, ECC, permits and licenses, etc. will be added to the cost of ABACOAL's projects. Considering that mining operations have not yet commenced, the representative ration of these costs against revenues cannot yet be determined.

Employees

Presently, ABACOAL has no employees.

Assessment of Business Risk

For its coal mining interests, the company faces the risk of non-recovery of pre-operating costs in the event actual exploration does not yield significant results.