

LODE RESOURCES LTD

ABN 30 637 512 415

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

CORPORATE DIRECTORY

Directors	Andrew Van Heyst	Executive Chairman
	Edward Leschke	Managing Director
	Keith Mayes	Non-Executive Director
	Jason Beckton	Non-Executive Director
Company Secretary	Marcelo Mora	
Principal Place of Business and Registered Office	ESN Partners 'Australia Square' Level 30, 264-278 George Street Sydney NSW 2000 Australia	
	Telephone:	(61 2) 9008 1381
	Web site:	www.loderesources.com
Share Registry	Advanced Share Registry Limited 110 Stirling Highway Nedlands, Western Australia 6009	
	Telephone:	(61 8) 9389 8033
	Facsimile:	(61 8) 9262 3723
Auditors	PKF (NS) Audit and Assurance Limited Partnership Level 8 1 O'Connell Street Sydney NSW 2000	
Solicitors	Thomson Geer Level 14 60 Martin Place Sydney NSW 2000	
Stock Exchange Listings	Australian Securities Exchange	(Code – LDR)

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REVIEW OF OPERATIONS FOR THE YEAR ENDED 30 JUNE 2022

The Directors of Lode Resources Ltd (ASX: LDR or 'Lode' or 'the Company') are pleased report that the Company has achieved several significant milestones during the year-ended 30 June 2022.

Lode's exploration focus is on the highly prospective but under-exploited New England Fold Belt in north eastern New South Wales. The Company has assembled a portfolio of brownfield precious and base metal assets characterised by:

- 100% ownership;
- Significant historical geochemistry and/or geophysics;
- Under drilled and/or open-ended mineralisation; and
- Demonstrated high grade mineralisation and/or potential for large mineral occurrences.

This has resulted in a portfolio of assets with diverse mineralisation styles:

1. **Webbs Consol Silver & Base Metal** – Located 16km west-southwest of Emmaville, this historical silver mining centre is known for high grade silver bearing lodes;
2. **Uralla Gold** – Located 8km west of the Uralla township, this goldfield was one of the earlier goldfields discovered in NSW and a significant gold producer in the 1850's. Despite this long history, the mineralisation style has only recently been recognised as being an Intrusive Related Gold System (IRGS) and this has strong implications for this project's discovery potential;
3. **Fender Copper (Trough Gully)** – Located 30km southeast of Tamworth this project host significant copper in drainage anomalies and several know historical workings on VMS style mineralisation providing some very attractive exploration targets;
4. **Sandon Base Metal** – Hosts the Bundarra Copper Project and Abington Base Metal Project explorations targets;
5. **Elsinore** – Located 30km west of Guyra this project hosts a large regional magnetic and IP anomaly with anomalous base/precious metals in geochemical sampling;
6. **Thor** – Located 35km northwest of Manila this project hosts a large gold anomaly potentially associated with high level intrusions or major regional fault structures;
7. **Tea Tree** – Located 24km north of Manila this project comprises an underexplored goldfield.

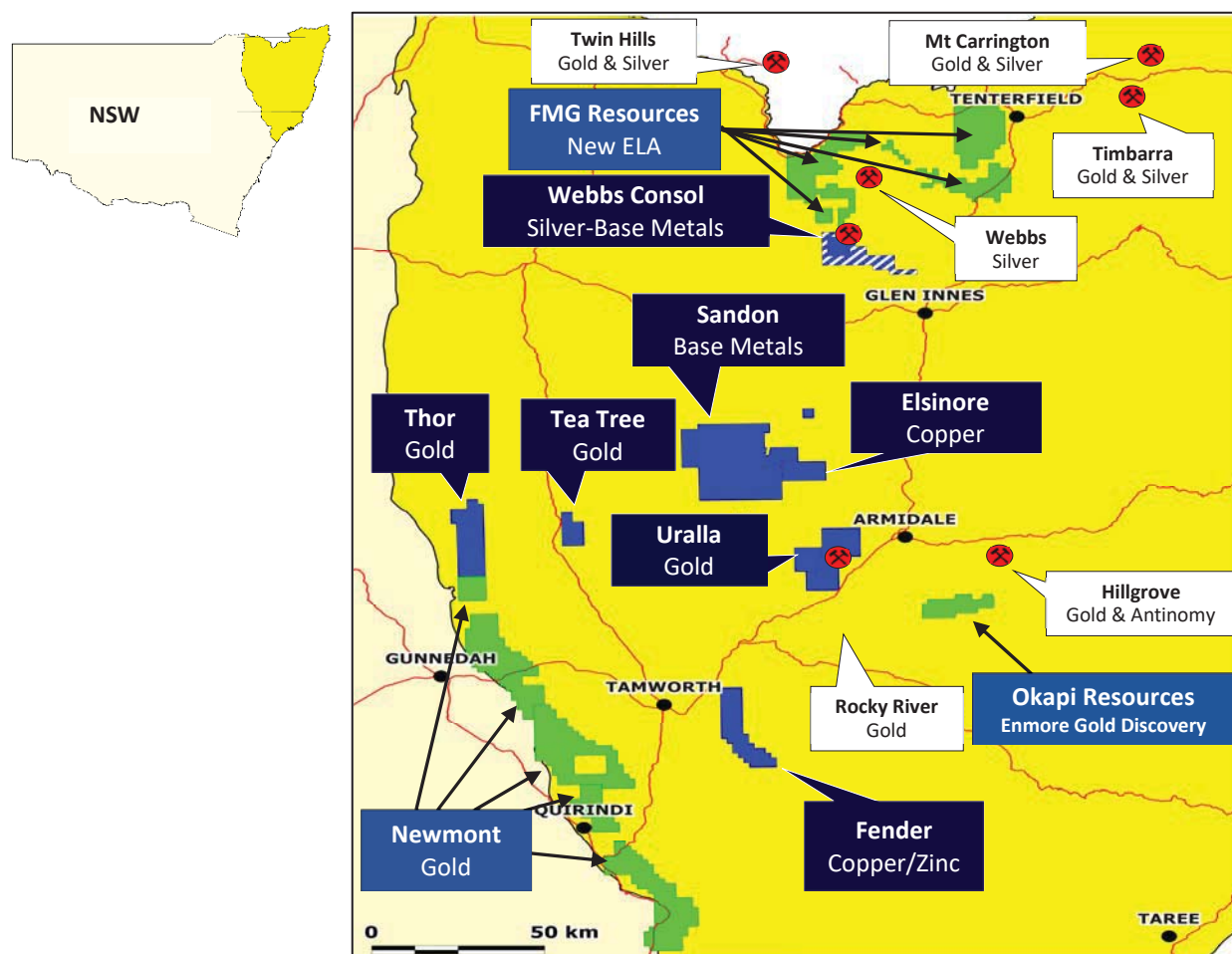
As of 30 June 2022, the Company had been granted eight exploration licences as follows:

Project	Licence	Grant / Application Date	Expiry Date	Commodity	Units	Status
Webbs Consol	EL8933	16 January 2020	16 January 2023	Group 1 (Metallic minerals)	16	Granted
Webbs Consol Exp.	ELA6483	20 May 2022	n/a	Group 1 (Metallic minerals)	16	Application
Uralla	EL8980	14 May 2020	14 May 2023	Group 1 (Metallic minerals)	80	Granted
Uralla West	EL9087	12 March 2021	12 March 2024	Group 1 (Metallic minerals)	22	Granted
Fender	EL9003	12 October 2020	12 October 2023	Group 1 (Metallic minerals)	76	Granted
Sandon	EL9319	29 October 2021	29 October 2024	Group 1 (Metallic minerals)	273	Granted
Elsinore	EL9004	12 October 2020	12 October 2023	Group 1 (Metallic minerals)	32	Granted
Tea Tree	EL9084	11 March 2021	11 March 2024	Group 1 (Metallic minerals)	24	Granted
Thor	EL9085	11 March 2021	11 March 2024	Group 1 (Metallic minerals)	78	Granted

REVIEW OF OPERATIONS FOR THE YEAR ENDED 30 JUNE 2022

Since the successful completion of the A\$5.1M IPO, admission to the Official List of ASX Limited ('ASX') on Wednesday, 30 June and the commencement of trading on Friday, 2 July Phase I drilling and other field activities have been carried out at three of six projects 100% owned by Lode. A total of 5,692 metres of drilling in 55 drill holes was carried out during the year. All of these projects are located in the highly prospective yet under-exploited New England Fold Belt in north-eastern NSW.

Figure 1: Lode's Project Locations (blue polygons)



Lode's strategy is to:

- Systematically explore and develop the Company's Tenements in the New England Fold Belt;
- Target large-scale silver, gold and base metal mineral systems;
- Use modern exploration methods and best practices in cost effective programs; and
- Advance discoveries to the development stage.

REVIEW OF OPERATIONS FOR THE YEAR ENDED 30 JUNE 2022

Webbs Consol Silver & Base Metal Project

At the Webbs Consol Silver and Base Metals Project, located near Emmaville, drill targets were initially defined using historical records of underground sampling and mining which indicated high-grade mineralisation remained open at relative shallow depths.

In addition, significant surface mineralisation was identified by Lode during the year providing additional drill targets with the potential for many more now that the geomorphological and geochemical characteristics of such occurrences has been recognised. This previously unrecognised surface mineralisation is present as subtle gossans which appears to have to been overlooked by historic miners and modern-day explorers alike.

Phase I drilling included 29 drill holes being completed for a total of 3,165 metres drilled during the year. High-grade silver-lead-zinc mineralisation was intersected over substantial widths at a number of prospects. The most significant drill intercepts are shown in the table below.

Table 1: – Significant intercept assay results from Phase I drilling

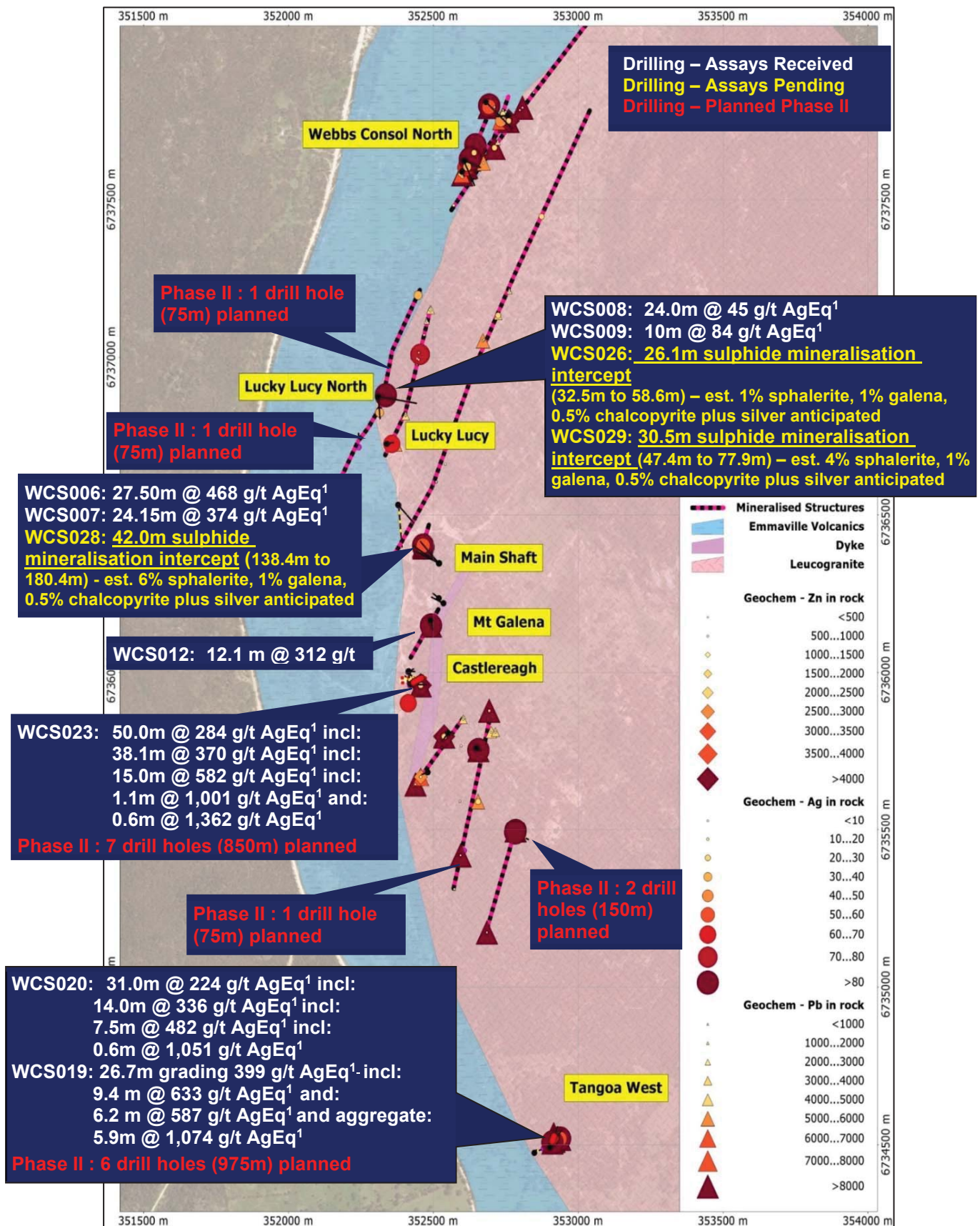
Hole	From (m)	To (m)	Interval (m)	Silver Eq ¹ (g/t)	Silver (g/t)	Lead (%)	Zinc (%)	Copper (%)	Gold (g/t)
WCS006	104.6	132.1	27.5	468	118	0.77	6.52	0.07	0.00
incl.	105.6	129.4	23.8	526	135	0.82	7.32	0.08	0.00
WCS007	122.9	147.1	24.2	374	63	0.49	5.96	0.04	0.00
incl.	126.0	145.0	19.0	462	78	0.49	7.43	0.05	0.00
WCS008	21.2	45.2	24.0	45	19	0.03	0.1	0.01	0.30
incl.	35.3	42.0	6.7	80	31	0.04	0.01	0.00	0.62
WCS009	70.0	80.0	10.0	84	45	0.09	0.17	0.23	0.05
incl.	70.0	75.3	5.3	144	82	0.07	0.16	0.43	0.09
WCS012	48.0	60.1	12.1	312	108	5.49	0.36	0.10	0.04
Incl.	49.6	59.0	9.4	394	137	7.01	0.39	0.12	0.05
WCS019	30.1	56.8	26.7	399	115	6.43	1.07	0.25	0.03
Incl.	31.6	41.0	9.4	633	197	10.14	1.5	0.39	0.04
Incl.	37.0	40.0	3.0	1,023	376	17.68	0.28	0.64	0.09
Incl.	50.0	56.2	6.2	587	171	10.04	1.09	0.42	0.04
Incl.	53.3	56.2	2.9	1,126	344	19.62	1.54	0.82	0.03
WCS020	30.6	61.6	31.0	224	55	3.37	0.98	0.12	0.02
incl.	38.7	52.7	14.0	336	84	5.58	1.08	0.21	0.02
incl.	45.2	52.7	7.5	482	136	8.73	0.76	0.29	0.04
WCS023	17.0	67.0	50.0	284	95	2.87	1.79	0.08	0.04
incl.	24.6	67.0	38.1	370	124	3.74	2.30	0.11	0.05
incl.	38.1	53.1	15.0	582	242	6.17	2.46	0.19	0.08

¹ Silver is deemed to be the appropriate metal for equivalent calculations as silver is the most common metal to all mineralisation zones. Webbs Consol silver equivalent grades are based on assumptions: $AgEq(g/t) = Ag(g/t) + 49 * Zn(\%) + 32 * Pb(\%) + 106 * Cu(\%) + 76 * Au(g/t)$ calculated from 10 December 2021 spot prices of US\$22/oz silver, US\$3400/t zinc, US\$2290/t lead, US\$9550/t copper, US\$1800/oz gold and metallurgical recoveries of 97.3% silver, 98.7% zinc, 94.7% lead, 96.3% copper and 90.8% gold which is the 4th stage rougher cumulative recoveries in test work commissioned by Lode and reported in LDR announcement 14 December 2021 titled "High Metal Recoveries in Preliminary Flotation Test work on Webbs Consol Mineralisation". It is Lode's opinion that all the elements included in the metal equivalents calculation have a reasonable potential to be recovered and sold.

A preliminary flotation test on the WCS006 mineral intercept has resulted in very high recoveries (up to 97.3% Ag, 98.7% Zn, 94.7% Pb) indicating the potential for industry standard beneficiation and high-quality silver-zinc-lead product.

REVIEW OF OPERATIONS FOR THE YEAR ENDED 30 JUNE 2022

Figure 2: Webb's Consol Silver-Base Metals Project – Phase I drill results & Phase II drill plans



REVIEW OF OPERATIONS FOR THE YEAR ENDED 30 JUNE 2022

Uralla Gold Project

During the year methodical field work by Lode Resources resulted in the discovery of a new style of gold mineralisation at the Uralla Gold Project, located near the Uralla township. Mapping and sampling revealed disseminated gold mineralisation hosted by sedimentary Sardon Beds at the Hudsons Prospect.

Visual observations together with a petrological study of thin sections by an industry recognised petrologist confirmed that this newly discovered mineralisation can be classified as disseminated and it is hosted within a predominantly siltstone sedimentary rock with moderate fine quartz stockwork veining and disseminated sulphides together with overprinting effects of hydrothermal alteration.

This newly discovered disseminated gold mineralisation with bulk tonnage potential presented a significant drill target and this was further enhanced through a high-density auger survey and a high-resolution drone borne magnetic survey.

The reconnaissance style Phase I drilling included 19 drill holes being completed for a total of 1,952 metres drilled during the year. Drilling completed was designed to test high-grade gold mineralisation sampled at surface as well as targets generated by the dronemag and auger drilling surveys at the Hudson's gold prospect. The most significant drill intercepts are shown in the table below.

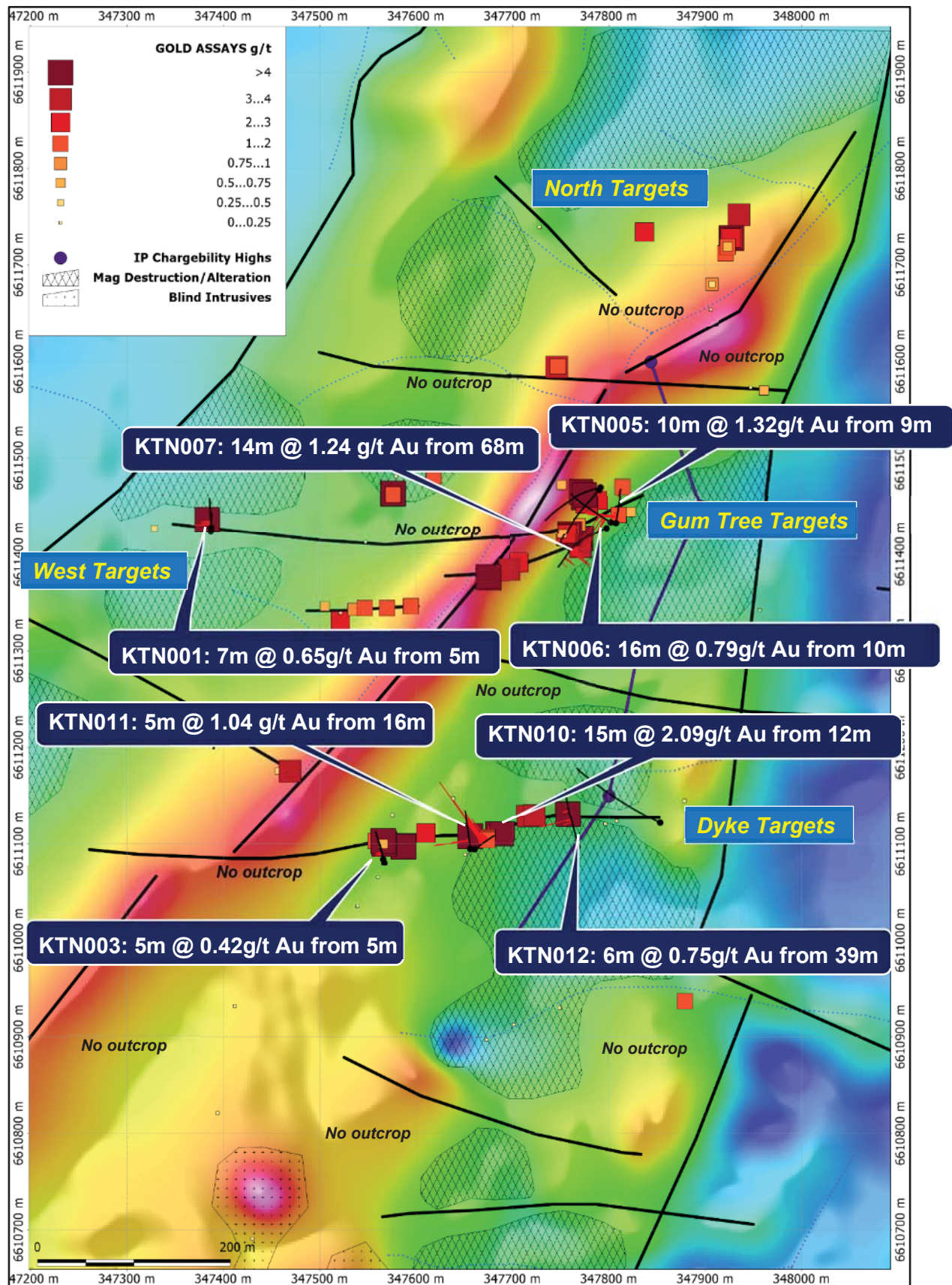
Table 2: Intercept interval assays from 1st Phase RC drilling

Hole No.	From (m)	To (m)	Interval (m)	Gold (g/t)	Target
KTN010	12.0	27.0	15.0	2.09	Dyke
incl.	15.0	22.0	7.0	3.65	
incl.	15.0	19.0	4.0	4.18	
KTN007	68.0	82.0	14.0	1.24	Gum Tree
incl.	73.0	75.0	2.0	2.04	
and	77.0	80.0	3.0	2.21	
KTN007	96.0	100.0	4.0	0.76	
KTN005	9.0	19.0	10.0	1.32	Gum Tree
incl.	9.0	14.0	5.0	2.49	
KTN006	10.0	26.0	16.0	0.79	Gum Tree
incl.	10.0	18.0	8.0	1.04	
incl.	10.0	14.0	4.0	1.59	
KTN011	11.0	16.0	5.0	1.04	Dyke
KTN001	5.0	12.0	7.0	0.65	West
KTN012	39.0	45.0	6.0	0.75	Dyke
KTN001	7.0	14.0	7.0	0.65	West
KTN003	5.0	10.0	5.0	0.42	Dyke

Lode's discovery of strong gold mineralisation over substantial widths at shallow depth is a strong reaffirmation of the newly discovered disseminated gold mineralisation style and has strong implications for the Uralla Gold Project's potential. This sediment hosted mineralisation is likely to be significantly more pervasive than narrower vein hosted gold mineralisation which was the sole focus of historical mining and previous exploration efforts by other companies.

REVIEW OF OPERATIONS FOR THE YEAR ENDED 30 JUNE 2022

Figure 3: Hudsons Prospect – Phase I RC Drilling Main Intercepts



REVIEW OF OPERATIONS FOR THE YEAR ENDED 30 JUNE 2022

Fender Base Metal Project

The Fender Base Metal Project area, located near Tamworth, has incurred surface exploration carried out by several companies since the 1960s and comprises stream/soil, surface mapping, IP and magnetics however no drilling has previously occurred. Significant copper in drainage anomalies and several known historical workings on VMS style mineralisation provides some very attractive exploration targets.

During the year drilling commenced at the historical Trough Gully copper mine, a simple walk-up drill target of VMS style mineralisation. This reconnaissance style Phase I drilling included 7 drill holes being completed for a total of 574 metres drilled and was designed to test mineralisation widths and depth extensions of this VMS occurrence.

Both TGY003 & TGY007 returned significant zinc, copper, gold and silver assays as summarised in the table below. Zinc equivalent grades were >9% which is considered high-grade by industry standards. Whilst the Trough Gully mine was historically operated for copper production, the contained zinc by value in drill holes TGY003 and TGY007 is actual 35% higher than the contained copper value.

Table 5: Intercept assays for drill hole TGY003, TGY006¹ & TGY007¹

Hole	From (m)	To (m)	Interval (m)	Zinc Eq ² (%)	Copper (%)	Zinc (%)	Gold (g/t)	Silver (g/t)
TGY003	50.90	57.80	6.90	9.21	1.30	4.49	0.50	17.4
TGY006	67.60	70.40	2.80	2.61	0.53	0.83	0.16	3.3
TGY007	92.10	99.40	7.30	9.47	1.37	4.93	0.36	10.1

²Trough Gully zinc equivalents are based on assumptions: $ZnEq(\%) = Zn(\%) + 2.73 \cdot Cu(\%) + 1.60 \cdot Au(g/t) + 0.021 \cdot Ag(g/t)$ calculated from 4 March 2022 spot prices of US\$4,000/t zinc, US\$10,800/t copper, US\$2,000/oz gold, US\$26/oz silver and metallurgical recoveries of 97.5% zinc, 98.8% copper, 97.5% gold and 98.8% silver, which is 4th stage rougher concentration stage recoveries in test work commissioned by Lode and reported in this announcement. It is Lode's opinion that all the elements included in the metal equivalents calculation have a reasonable potential to be recovered and sold.

The intercept of 7.30m @ 9.47% ZnEq in TGY007 is located 30m below the deepest historical mine workings and demonstrates potential at depth.

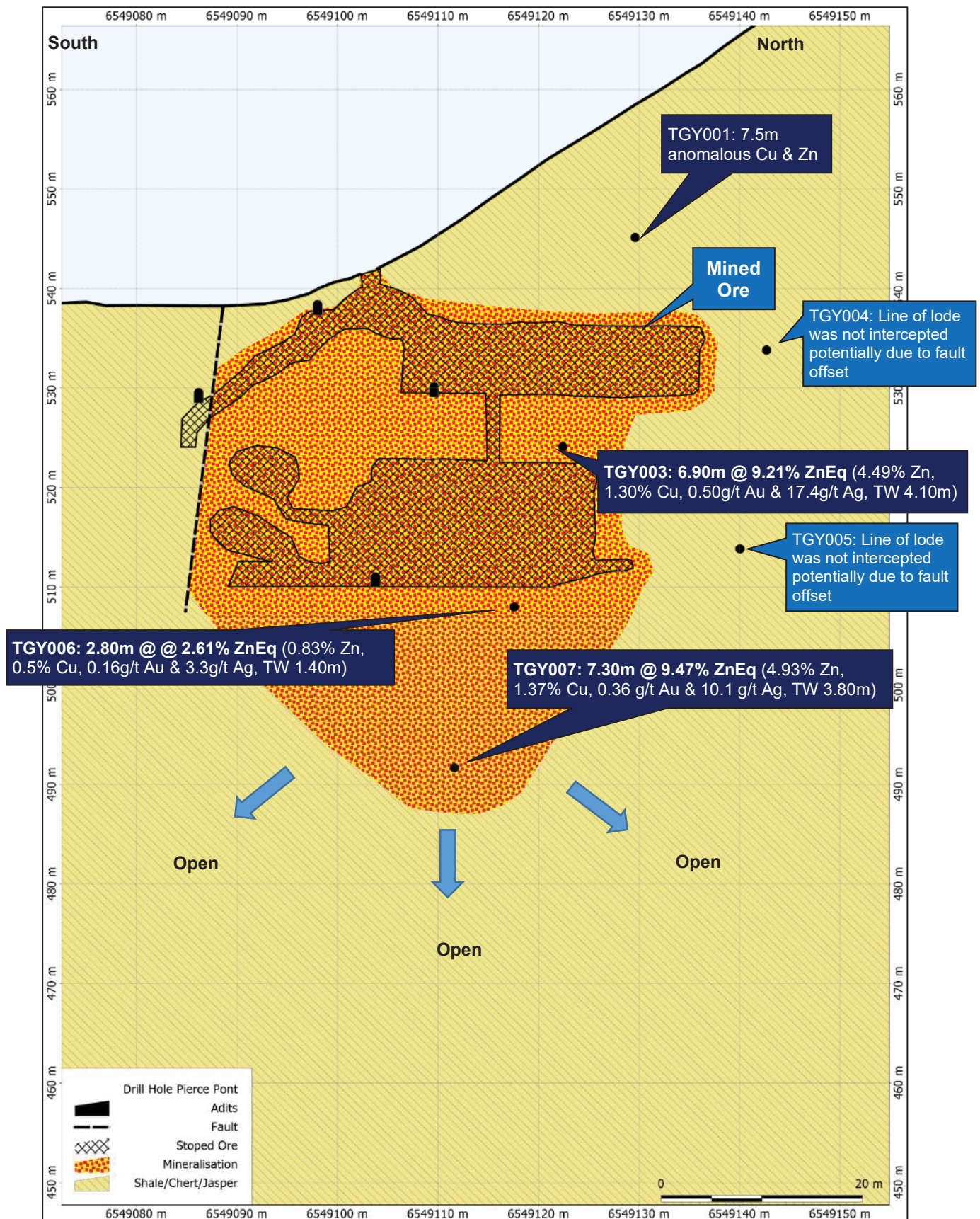
It is evident that at both Trough Gully and Lode's Webbs Consol Base Metal Projects, zinc was not a metal sought after during the late 1800's and early 1900's. As such it was not highlighted in historical records. This oversight has been exacerbated by an almost total absence of modern exploration, especially drilling. It implies that the overall mineral potential for a number of metal occurrences in the Fender Copper Project and others owned by Lode may be highly underestimated.

A preliminary flotation test on TGY003 mineral intercept has resulted in very high recoveries (up to 97.5% Zn, 98.8% Cu, 97.2% Au, 98.8% Ag) indicating the potential for industry standard beneficiation and high-quality zinc-copper product.

The Fender Copper project presents some very significant copper in drainage anomalies including two large areas being Kasey (7km x 3km) and Fold (4km x 2km). This coincides with distinct large magnetic ridges which are adjacent to Spring Creek fault. It can be postulated that magnetic anomalies may represent large fold structures which provides tension regime for fissure infilling of remobilised copper mineralisation.

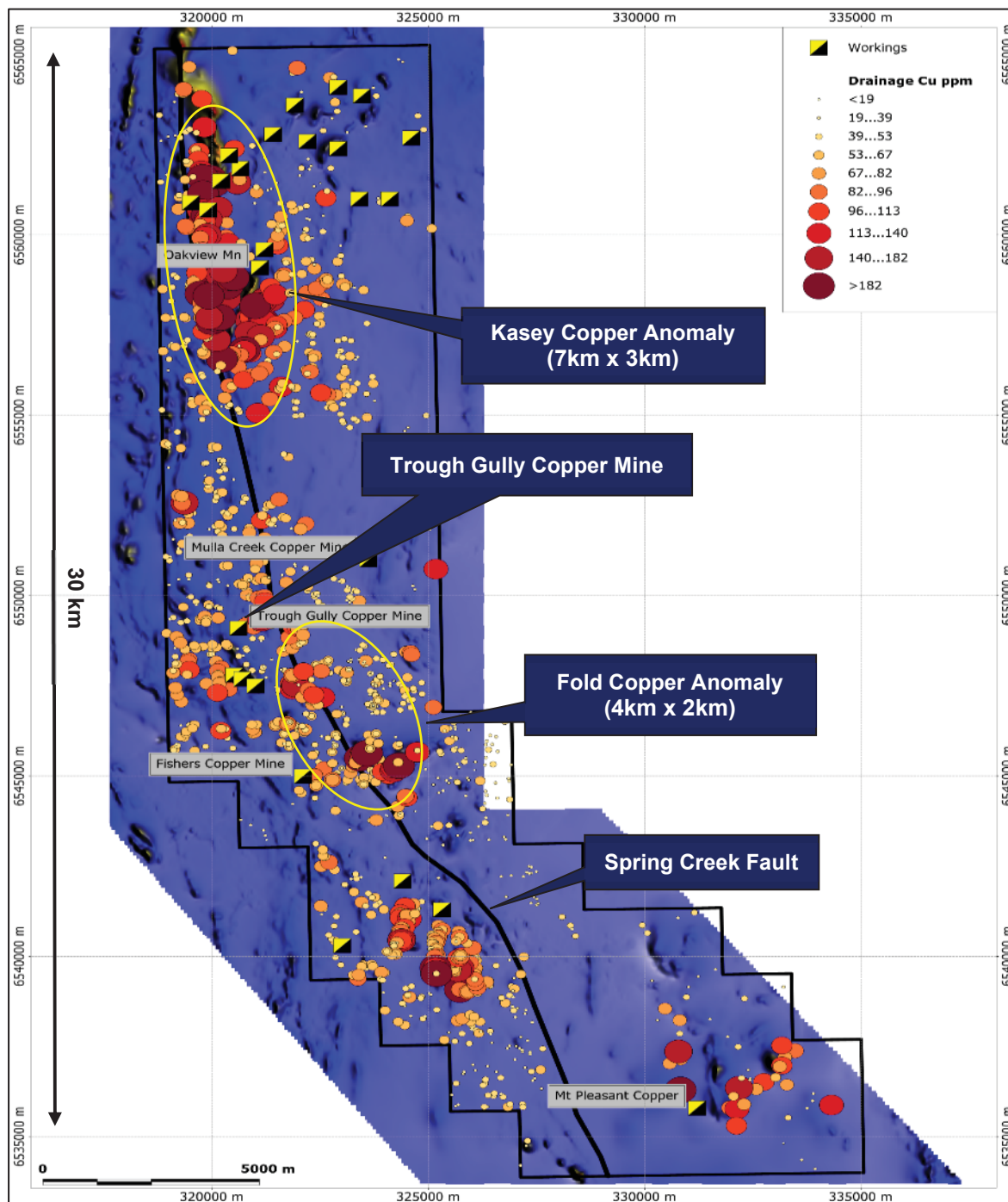
REVIEW OF OPERATIONS FOR THE YEAR ENDED 30 JUNE 2022

Figure 4: Cross section of Trough Gully prospect showing drill hole pierce points



REVIEW OF OPERATIONS FOR THE YEAR ENDED 30 JUNE 2022

Figure 5: Fender Surface Sampling, Magnetics and Historical Workings



Competent Person's Statement

The information in this Report that relates to Exploration Results is based on information compiled by Mr Mitchell Tarrant, who is a Member of the Australian Institute of Geoscientists. Mr Tarrant, who is the Project Manager for Lode Resources, has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activities which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Tarrant has a beneficial interest as optionholder of Lode Resources Ltd and consents to the inclusion in this Report of the matters based on the information in the form and context in which it appears.

REVIEW OF OPERATIONS FOR THE YEAR ENDED 30 JUNE 2022

No material changes

Lode Resources Ltd confirms that it is not aware of any new information or data that would materially affect the information included in the quarterly activities report dated 29 July 2022 and market announcements dated 18 August 2022 and 19 August 2022, and that all material assumptions and technical parameters in the market announcements continue to apply and have not materially changed.

Governance Arrangements

Lode Resources management and Board of Directors include individuals with many years' work experience in the mineral exploration and mining industry who monitor all exploration programs and oversee the preparation of reports on behalf of the Company by independent consultants. The exploration data is produced by or under the direct supervision of qualified geoscientists. In the case of drill hole data half core samples are preserved for future studies and quality assurance and quality control. The Company uses only accredited laboratories for analysis of samples and records the information in electronic databases that are automatically backed up for storage and retrieval purposes.

CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

The Board is committed to maintaining the highest standards of Corporate Governance. Corporate Governance is about having a set of core values and behaviours that underpin the Company's activities and ensure transparency, fair dealing and protection of the interests of stakeholders. The Company has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council.

The 2022 corporate governance statement is dated 31 August 2022 and reflects the corporate governance practices throughout the 2022 financial year. The board approved the 2022 corporate governance on 31 August 2022. A description of the Company's current corporate governance practices is set out in the Company's corporate governance statement, which can be viewed at <https://loderesources.com/corporate-governance>.

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

The Directors of Lode Resources Ltd ('Lode' or the 'Company') present their report, together with the financial statements of the Company for the financial year ended 30 June 2022.

Directors

The names and details of the Directors in office during or since the end of the previous financial year are as follows. Directors were in office for the entire year unless otherwise stated.

Information on directors

Andrew Van Heyst	Chairman
Experience	With more than 30 years' experience in Industrial Equities and Advisory. Has worked at Merrill Lynch in New York as Head of Australian Sales and for ABN AMRO as Head of Australian Sales and Head of Americas Client Account Management for Global Equity Product. In 2005 Andrew moved back to Australia joining Shaw and Partners as a Corporate Advisor focussing on Small Cap resources and prior to Lode listing was Executive Director at Bridge Street Capital Partners.
Interest in Shares and Options	21,250,001 ordinary shares
Director since	18 November 2019
Ted Leschke	Managing Director
Experience	With more than 30 years' experience in resources industry including MD of ASX listed Equus Mining from start up project development covering areas such as project identification, acquisition and generation, geological mapping, exploration drilling, local community and government liaison, financial management, strategy, fund raisings, ASX listing and statutory reporting. Previously worked as a resource analyst in stockbroking/funds management as well as a geologist in the mining industry.
Interest in Shares and Options	20,750,001 ordinary shares
Director since	18 November 2019
Directorships held in other listed entities during the last three years	Equus Mining Limited.
Keith Mayes	Non-Executive Director
Experience	With more than 30 years' experience in the resource sector in exploration, business development, operational and financial roles with major mining companies including North Ltd, Newmont, Rio Tinto and Oxiana in Australia, Europe, Middle East and Africa. Keith is currently GM of Australian Garnet a subsidiary of ASX listed Resource Development Group and formerly COO at ASX listed KGL Resources that is undertaking exploration and development of the large Jervois copper/silver/gold project in central Australia and COO at Altura Mining Ltd where he discovered the world class Pilgangoora lithium deposit.
Interest in Shares and options	300,000 ordinary shares and 500,000 unlisted options
Director since	10 March 2020

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

Jason Beckton	Non-Executive Director
Qualifications	Holds BSc (Hons) Melbourne and a Masters of Economic Geology from the University of Tasmania.
Experience	With more than 25 years of geological corporate experience in Australia, North and South America and China. Was Project Manager for Bolnisi Gold NL's Palmerejo silver/gold project in Mexico where he managed a program defining 3.1moz AuEq. Managed the discovery of Exeter Resource Corp's 30 moz AuEq Caspiche Porphyry prospect in the Maricunga Gold Copper Belt of Chile. Previously MD of ASX listed Chinalco Yunnan Copper Resources exploring the Mt Isa, Lao and Chilean copper districts.
Interest in Shares and Options	200,000 ordinary shares and 500,000 unlisted options
Director since	29 September 2020
Directorships held in other listed entities during the last three years	Managing Director of ASX listed Prospech Ltd.

Company Secretary**Marcelo Mora**

Company Secretary since 15 September 2020

Marcelo Mora holds a Bachelor of Business degree and Graduate Diploma of Applied Corporate Governance. Mr Mora has been an accountant for more than 30 years and has experience in resources and mining companies both in Australia and internationally, providing financial reporting and company secretarial services to a range of publicly listed companies.

MEETINGS OF DIRECTORS

During the financial year, 2 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Andrew Van Heyst	2	2
Edward Leschke	2	2
Keith Mayes	2	2
Jason Beckton	2	2

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2022****DIRECTORS' INTERESTS**

At the date of this report, the beneficial interests of each director of the Company in the issued share capital of the Company and options, each exercisable to acquire one fully paid ordinary share of the Company are:

Director	Fully Paid Ordinary Shares	Options over ordinary shares	Option Terms (Exercise Price and Term)
Andrew Van Heyst	21,250,001	-	
Edward Leschke	20,750,001	-	
Keith Mayes	300,000	500,000	\$0.30 at any time up to 2 July 2023
Jason Beckton	200,000	500,000	\$0.30 at any time up to 2 July 2023

Note - The shares and options are in escrow until 2 July 2023.

During the year ended 30 June 2022, no unlisted options were granted as compensation to directors of the Company (2021: 1,000,000 unlisted options)

There were no options over unissued ordinary shares granted as compensation to directors or executives of the Company during or since the end of the financial year.

OPTION HOLDINGS**Unissued Shares under options**

Grant Date	Expiry Date	Options	Exercise Price
31 March 2021	2 July 2023	1,000,000 ⁽¹⁾	\$0.30
14 July 2021	14 July 2023	500,000 ⁽²⁾	\$0.30

⁽¹⁾The options have an exercise price of \$0.30, vest immediately and expire on 2 July 2023, and are in escrow until 2 July 2023.

⁽²⁾The options have an exercise price of \$0.30, vest immediately and expire on 14 July 2023.

Option holders do not have any rights to participate in any issues of shares or other interests in the Company.

SHARES ISSUED ON EXERCISE OF OPTIONS

During the financial year ended 30 June 2022, the Company has not issued ordinary shares as a result of the exercise of options (2021: nil). Since the end of the financial year, the Company has not issued ordinary shares as a result of the exercise of options.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2022

Principal activities

The principal activities of Lode Resources Ltd during the financial year were the initial drilling camping at its tenements of Webbbs Consol and Uralla and the acquisition of exploration licence Sandon through Exploration Licence Application and the subsequent granting of the Exploration Licence.

Operating results

The loss of the Company amounted to \$970,510 (2021: \$574,934), after providing for income tax.

Review of operations

A review of the Company's operations for the year ended 30 June 2022 is set out on pages 1 to 10 of this Annual Report.

Dividends paid or recommended

No dividends were paid or declared during the period.

Changes in state of affairs

In the opinion of the Directors, significant changes in the state of affairs of the Company that occurred during the year ended 30 June 2022 were as follows:

- Lode Resources Ltd (ASX: LDR or 'Lode' or 'the Company') commenced trading on the Australian Stock Exchange (ASX Ltd) on 2 July 2021.
- On 14 July, The Company issued 500,000 unlisted options to the Exploration Manager. Each option has an exercise price of \$0.30 expiring on 14 July 2023 and vest immediately.
- During the financial year ended 30 June 2022, Lode was granted Exploration Licence EL 9319 Sandon.

Events after the reporting date

On 17 August 2022, the Company announced a placement to institutional investors to raise up to \$1.632,540 before costs by the issue of 11,661,000 shares at an issue price of \$0.14. In addition, the Company will seek shareholders' approval at the Annual General Meeting later in the shares for directors to subscribe for 178,572 to raise \$50,000 under the same terms and conditions of the placement.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Future developments and results

During the course of the 2023 financial year, the Company will focus principally on advancing its brownfields and greenfields exploration of its exploration licences in the New England Fold Belt in northeastern NSW.

Further information as to the likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Environmental issues

The operations and proposed activities of the Group are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or field development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all applicable environmental laws.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2022

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

During or since the end of the financial year, the Company has not indemnified or made a relevant agreement to indemnify an officer or auditor of the Company against a liability incurred as such by an officer or auditor. The Company has not paid or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer or auditor.

Use of cash

The Company confirms that it has used its available cash and assets at the time of admission to the ASX consistent with the business objectives.

Total cash expenditure during the financial year ended 30 June 2022 was \$2,558,129. Exploration and evaluation cash expenditure was \$1,561,642. Approximately 44% of this expenditure was spent on exploration activities at the Webbs Consol Silver Project and 39% at the Uralla Gold Project and the remainder primarily at the Fender Project.

Activities included mapping, rock and soil sampling, geophysics and pre-drilling preparations, and significant drilling.

Used of funds	Prospectus Year 1 Budget \$	12 Months Actuals to 30 June 2022 \$
Webbs Consol (EL8933)	241,200	687,271
Uralla (EL8980)	332,800	606,098
Fender (EL9003)	229,400	240,919
Elsinore (EL9004)	26,500	3,445
Tea Tree (EL9084)	35,300	2,896
Thor (EL9085)	36,800	6,417
Sandon (EL9319)	-	12,720
Uralla West (EL9087)	-	1,876
Miscellaneous	278,000	-
Contingency 15%	177,000	-
Total	1,357,000	1,561,642

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

REMUNERATION REPORT - Audited***Principals of compensation***

Key management personnel have authority and responsibility for planning, directing, and controlling the activities of the Company. Key management personnel comprises the directors of the Company. No other employees have been deemed to be key management personnel.

The remuneration policy of Directors is to ensure the remuneration package properly reflects the persons' duties and responsibilities, and that remuneration is competitive in attracting, retaining, and motivating people of the highest quality. The Board is responsible for reviewing its own performance. The evaluation process is designed to assess the Group's business performance, whether long-term strategic objectives are being achieved, and the achievement of individual performance objectives.

The Constitution and ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting.

Remuneration generally comprises of salary and superannuation. Long-term incentives are able to be provided through the Company's share option program at the discretion of directors, which acts, to align the Director's and senior executive's actions with the interests of the shareholders.

The remuneration disclosed below represents the cost to the Company for services provided under these arrangements.

Andrew Van Heyst and Edward Leschke are paid through the Company's payroll. All other Director's services are paid by way of an arrangement with the director or with related parties.

There were no remuneration consultants used by the Company during the year ended 30 June 2022, or in the prior year.

Consequences of performance on shareholders' wealth

In considering the Company's performance and benefits for shareholders' wealth, the Board has regard to the following indices in respect of the current financial year and the previous financial year.

	2022	2021
	\$	\$
Net loss attributable to equity holders of the parent	970,510	574,934
Dividends paid	-	-
Change in share price	(0.02)	-

The Company was admitted to the ASX on 30 June 2021 and commenced quotation on 1 July 2021

The overall level of key management personnel's compensation has been determined based on market conditions, the advancement of the Company's projects, and the financial performance of the Company.

Remuneration Structure

In accordance with better practice corporate governance, the structure of Executive Director and Non-Executive Director remuneration is separate and distinct.

Service contracts

In accordance with better practice corporate governance, the company provided each key management personnel with a letter detailing the terms of appointment, including their remuneration. Key management personnel may at any time resign by written notice.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2022

REMUNERATION REPORT - Audited (Con't)

Details of the nature and amount of each major element of the remuneration of each Director of the Company and other key management personnel of the Company and Group are:

	Year	Primary Salary / Fees \$	Superannuation \$	Share-Based Payments Options \$	Short Term Benefit \$	Total \$
Executive Directors						
Andrew Van Heyst	2022	125,000	12,500	-	9,652	147,152
	2021	-	-	-	-	-
Edward Leschke	2022	200,000	20,000	-	15,444	235,444
	2021	-	-	-	-	-
Non-Executive Directors						
Jason Beckton	2022	50,000	-	-	-	50,000
	2021	-	-	42,500	-	42,500
Keith Mayes	2022	50,000	-	-	-	50,000
	2021	-	-	42,500	-	42,500
Total all directors	2022	425,000	32,500	-	25,096	482,596
	2021	-	-	85,000	-	85,000

Directors' remuneration commenced on 1 July 2021.

Executive Directors

During the financial year ended 30 June 2022, Andrew Van Heyst and Edward Leschke were considered Executive Directors. Their remuneration for the year ended 30 June 2022 comprised of fixed remuneration, free of performance conditions, plus 10% statutory superannuation paid through the Company's payroll.

Options granted as compensation

No bonuses were paid during the financial year. During the year ended 30 June 2022, no unlisted options were issued to directors of the Company or Key Management personnel (2021: 1,000,000). Refer below for the options granted during the financial year ended 30 June 2021 to Jason Beckton and Keith Mayes. The Company employed no other key management personnel.

The options granted to non-executive directors were not subject to any performance or service conditions and vested immediately on the issue of the options.

Director	Grant Date	Number of Options Granted	Fair value per option at grant date	Fair Value at Grant Date	Option Terms (Exercise Price and Term)
Jason Beckton	31 March 2021	500,000	\$0.085	\$42,500	\$0.30 at any time to 2 July 2023
Keith Mayes	31 March 2021	500,000	\$0.085	\$42,500	\$0.30 at any time to 2 July 2023

The fair value of the 1,000,000 options at the grant date was determined based on a Black- Scholes formula. The model inputs of the options issued were the share price of \$0.20 at the time of listing on the ASX, a volatility factor of 100%, a risk-free rate of 0.08% based on the 2-year government bond rate, and no dividends paid.

During the year no options lapsed (2021: nil) and no options held by key management personnel were exercised during the 2022 or 2021 financial years.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2022

REMUNERATION REPORT - Audited (Con't)

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

No terms of equity-settled share-based payment transactions (including options granted as compensation to a key management person) have been altered or modified by the issuing entity during the 2022 and 2021 financial years.

Exercise of options granted as compensation

There were no shares issued to Directors on the exercise of options previously granted as compensation during the 2022 and 2021 financial years.

Analysis of options and rights over equity instruments granted as compensation

All options refer to options over ordinary shares of Lode Resources Ltd, which are exercisable on a one-for-one basis.

Director	Options granted		% vested at year end	Expired during the year	Balance at year end	Financial year in which grant vests
	Number	Date				
Jason Beckton	500,000	31 March 2021	100%	-	500,000	30 June 2021
Keith Mayes	500,000	31 March 2021	100%	-	500,000	30 June 2021

The number of options that had vested at 30 June 2022 is Nil (2021 – 1,000,000). No options were granted as remuneration during the year (2021: 1,000,000). No options were granted as compensation subsequent to year-end.

Analysis of movements in options granted as compensation

No options were granted or exercised during the year.

Options and rights over equity instruments

The movement during the reporting period in the number of options over ordinary shares in the Company held directly, indirectly or beneficially, by each key management person, including their personally related entities, is as follows:

Option holdings 2021

Directors	Held at 1 July 2021	Granted/ Purchased	Exercised / Sold	Expired	Held at 30 June 2022	Vested and exercisable at 30 June 2022
Jason Beckton	500,000	-	-	-	500,000	500,000
Keith Mayes	500,000	-	-	-	500,000	500,000

Loans to key management personnel and their related parties

There were no loans made to key management personnel or their related parties during the 2022 and 2021 financial years and no amounts were outstanding at 30 June 2022 (2021 - \$nil).

Other transactions with key management personnel

There were no other transactions with key management personnel or their related parties during 2022.

At 30 June 2022, the amount outstanding for salaries, superannuation and directors' fees were \$nil (2021: \$nil).

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2022****REMUNERATION REPORT - Audited (Con't)*****Movements in shares***

The movement during the reporting period in the number of ordinary shares in the Company held directly, indirectly or beneficially by each key management personnel, including their related parties, is as follows:

Fully paid ordinary shareholdings and transactions - 2022

Key management personnel	Held at 30 June 2021	Purchases	Sales	Other	Held at 30 June 2022
Andrew Van Heyst	21,250,001	-	-	-	21,250,001
Edward Leschke	20,750,001	-	-	-	20,750,001
Jason Beckton	200,000	-	-	-	200,000
Keith Mayes	300,000	-	-	-	300,000

Non-Executive Directors

During the financial year ended 30 June 2022, the following Directors were considered Non-Executive Directors:

- Jason Beckton;
- Keith Mayes.

The salary component of Non-Executive Directors was made up of:

- fixed fees paid by way of arrangements with related parties; and
- entitlement to receive options when invited by the Board and subject to shareholders' approval.

End of remuneration report.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2022

NON-AUDIT SERVICES

During the year ended 30 June 2022 PKF, the Company's auditor, did not perform other services in addition to the audit and review of the financial statements.

Details of the amounts paid to the auditor of the Company, PKF, and its network firms for audit and non-audit services provided during the year are set out below.

	2022	2021
	\$	\$
Services other than audit and review of financial statements:		
Corporate Finance Services	-	36,030
	-	36,030

Lead Auditor's Independence Declaration

The Lead Auditor's Independence Declaration is set out on page 22 and forms part of the Directors' Report for the financial year ended 30 June 2022.

Signed at Sydney this 31st day of August 2022
in accordance with a resolution of the Board of Directors:



Andrew M. Van Heyst
Executive Chairman



Edward J. Leschke
Managing Director

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Lode Resources Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



PKF



SCOTT TOBUTT
PARTNER

31 AUGUST 2022
SYDNEY, NSW

PKF (NS) Audit & Assurance Limited Partnership
ABN 91 850 861 839

Liability limited by a scheme approved
under Professional Standards Legislation

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PKF (NS) Audit & Assurance Limited Partnership is a member firm of the PKF International Limited family of separately owned firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

For our office locations visit www.pkf.com.au

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022**

	Notes	30 June 2022 \$	30 June 2021 \$
CONTINUING OPERATIONS			
Other income		-	-
Expenses			
Administration and consultants' expenses		(181,820)	(362,272)
Employee, directors and consultants costs		(552,190)	(85,000)
Amortisation and depreciation		(36,215)	(3,977)
Legal and professional expenses		(4,732)	(2,775)
Travel expenses		(7,798)	(29,247)
Other expenses	5	(184,826)	(91,663)
Operating loss before financing income and expense		(967,581)	(574,934)
Interest income	6	425	-
Interest expense	6	(3,354)	-
Net finance expense		(2,929)	-
Loss before income tax		(970,510)	(574,934)
Income tax benefit/(expense)	4	-	-
Loss for the period		(970,510)	(574,934)
Other comprehensive income for the period		-	-
Total comprehensive loss for the period		(970,510)	(574,934)
Earnings per share			
Basic and diluted loss per share	16	(0.0121)	(0.0113)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

**STATEMENT OF FINANCIAL POSITION
FOR THE HALF YEAR ENDED 30 JUNE 2022**

	Notes	30 June 2022 \$	30 June 2021 \$
Current assets			
Cash and cash equivalents	7	2,181,010	4,739,139
Trade and other receivables	8	79,706	40,875
Other assets		3,904	1,636
Total current assets		2,264,620	4,781,650
Non-current assets			
Other financial assets	9	166,028	98,800
Property, plant and equipment	10	33,830	28,740
Exploration and evaluation assets	11	2,159,105	332,834
Total non-current assets		2,358,963	460,374
Total assets		4,623,583	5,242,024
Current liabilities			
Trade and other payables	12	376,045	142,775
Employee entitlements	12	33,690	-
Lease liability	13	32,810	-
Total current liabilities		442,545	142,775
Non-current liabilities			
Lease liability	13	2,299	-
Total non-current liabilities		2,299	-
Total liabilities		444,844	142,775
Net assets		4,178,739	5,099,249
Equity			
Issued capital	14	5,611,514	5,611,514
Reserves	15	135,000	85,000
Accumulated losses		(1,567,775)	(597,265)
Total equity		4,178,739	5,099,249

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

**STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2022**

	Issued capital	Accumulated losses	Option premium reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2021	365,022	(22,331)	-	342,691
Loss for the year	-	(574,934)	-	(574,934)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	(574,934)	-	(574,934)
Transactions with owners recorded directly in equity				
Ordinary shares issued	5,888,200	-	-	5,888,200
Transaction costs on issue of shares	(641,708)	-	-	(641,708)
Share base payment	-	-	85,000	85,000
Balance at 30 June 2021	5,611,514	(597,265)	85,000	5,099,249
Balance at 1 July 2021	5,611,514	(597,265)	85,000	5,099,249
Loss for the year	-	(970,510)	-	(970,510)
Total other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	-	(970,510)
Transactions with owners recorded directly in equity				
Share base payments	-	-	50,000	50,000
Balance at 30 June 2022	5,611,514	(1,567,775)	135,000	4,178,739

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2022**

	Notes	30 June 2022 \$	30 June 2021 \$
Cash flows from operating activities			
Cash payments in the course of operations		(799,513)	(425,500)
Interest received		425	-
Net cash used in operating activities	17	(799,088)	(425,500)
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		(1,561,642)	(302,135)
Payments for security deposits		(67,228)	(78,800)
Payment for plant and equipment		(40,308)	-
Net cash used in investing activities		(1,669,178)	(380,935)
Cash flows from financing activities			
Proceeds from share issues		-	5,888,200
Transaction costs on share issue		(59,164)	(641,708)
Lease payments		(30,699)	-
Net cash (used in) / provided by financing activities		(89,863)	5,246,492
Net increase / (decrease) in cash held		(2,558,129)	4,440,057
Cash at the beginning of the reporting period		4,739,139	299,082
Cash and cash equivalents at 30 June	7	2,181,010	4,739,139

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

1. REPORTING ENTITY

Lode Resources Ltd (the 'Company') is a company domiciled in Australia as an individual entity. The address of the Company's registered office is C/o ESN Partners, Australia Square, Level 30, 264-278 George Street, Sydney, NSW, 2000. The financial statements, of the Company as at and for the year ended 30 June 2022. The Company is a for-profit entity and is primarily engaged in identifying and evaluating gold, copper, and silver resource opportunities in New England Fold Belt of New South Wales.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards ('AASBs') adopted by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*. The financial statements comply with International Financial Reporting Standards ('IFRSs') and interpretations adopted by the International Accounting Standards Board ('IASB').

The financial statements were authorised for issue by the Directors on 31 August 2022.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial assets which are measured at fair value.

(c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

(d) Use of estimates and judgement

The preparation of the financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 11 - Exploration and evaluation expenditure.

COVID-19

The COVID-19 pandemic during the first half of the financial year created significant uncertainty in global economic conditions as well as from the impacts of government imposed restrictions implemented in response to the outbreak. The Company has considered the impacts of COVID-19 on the key estimates and judgements in the preparation of the financial statements for the year ended 30 June 2022.

Subsequent to the end of the reporting period, the COVID-19 pandemic has remained prevalent and this may impact the results of operations of the Company in future reporting periods. Given the nature and uncertainties associated with the pandemic, these impacts are not able to be reliably estimated at the date of issuing this financial report.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Changes in accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Company.

(b) Finance income and finance costs

Finance income comprises interest income on funds invested, dividend income. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance costs comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method

(c) Exploration and evaluation expenditure

Exploration and evaluation expenditure, including the costs of acquiring licences, are capitalised as intangible exploration and evaluation assets on an area of interest basis, less any impairment losses. Costs incurred before the Company has obtained the legal rights to explore an area are recognised in profit or loss.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability and facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to developing mine properties.

(d) Financial instruments

Non-derivative financial assets

Recognition and initial measurement

The Company initially recognises trade receivables on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(d) Financial instruments (Cont.)

Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at:

- Amortised cost;
- Fair value through other comprehensive income – equity investment; or
- Fair value through profit or loss.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as fair value through profit or loss:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value through OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Non-derivative financial liabilities

Financial liabilities are measured at amortised cost.

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Other financial liabilities comprise loans and borrowings and trade and other payables.

(e) Share Capital

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(f) Trade and other receivables and payables

Trade receivables and payables are carried at amortised cost. For receivables and payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables and payables are discounted to determine the fair value.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

(h) Impairment

Non-derivative financial assets

The Company recognises loss allowances to an amount equal to lifetime expected credit losses (ECLs), except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have a low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

Measurement of ECLs

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. ECL's are discounted at the effective interest rate of the financial asset.

Non-financial assets

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset or CGU is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Impairment losses are recognised in profit or loss.

Reversals of impairment

An impairment loss in respect of a financial asset carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

In respect of non-financial assets, an impairment loss is reversed if there has been a conclusive change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Segment reporting

Determination and presentation of operating segments

The Company determines and presents operating segments based on the information that is provided internally to the Executive Directors, who are the Company's chief operating decision maker.

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are regularly reviewed by the Company's Executive Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(i) Segment reporting (Cont.)

Segment results that are reported to the Executive Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

(j) Income tax

Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; or
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(k) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(l) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(m) Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payment transactions

The grant-date fair value of share-based payment awards granted is recognised as an employee and consultants' expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(n) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(o) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(p) Changes in accounting policies

All other accounting policies used are consistent with those applied in the 30 June 2021 financial report.

(q) Comparative information

Certain comparative amounts, which are not deemed to be material, have been disclosed or reclassified where necessary to provide consistency with current period disclosures.

(r) Earnings per share

Basic earnings/ (loss) per share is calculated by dividing the profit or loss attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings/ (loss) per share is calculated by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year, adjusted for the effects of all dilutive potential ordinary shares which comprise relevant share options granted to employees.

Potential ordinary shares are anti-dilutive when their conversion to ordinary shares would increase earnings per share or decrease loss per share from continuing operations. The calculation of diluted earnings/ (loss) per share does not assume conversion, exercise, or other issue of potential ordinary shares that would have an anti-dilutive effect on earnings per share.

(s) New and revised accounting standards and interpretations

The Company has adopted all standards which became effective for the first time in the year ended 30 June 2022.

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates in future reporting periods. The Company has decided not to early adopt these and has assessed their impact as being immaterial.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2022

4. INCOME TAX EXPENSE

	2022	2021
	\$	\$
(a) Reconciliation of income tax accounting profit:		
Prima Facie tax payable on profit from ordinary activities before income tax at 25% (2021: 26%)	(242,627)	(149,483)
Add tax effect off:		
- origination and reversal of temporary differences	554	775
- non-deductible expenses	2,853	2,445
- deferred tax assets not recognised	239,220	146,263
Income tax expense	<u>-</u>	<u>-</u>

At 30 June 2022, the Company had unrecognised unused tax losses of \$3,617,977 (2021: 706,466).

5. LOSS FROM OPERATING ACTIVITIES

The following items are relevant in explaining the financial performance for the year ended 30 June 2022

Other Expenses

Accounting fees	41,743	13,279
Marketing	71,204	49,454
IT expenses	10,416	1,199
Insurance	32,947	4,066
Other	28,516	23,665
Total	<u>184,826</u>	<u>91,663</u>

6. FINANCE INCOME AND FINANCE COSTS

Recognised in profit and loss

Interest income on cash deposits	425	-
Finance costs	(3,354)	-
Net finance income/(costs) recognised in profit and loss	<u>2,929</u>	<u>-</u>

7. CASH AND CASH EQUIVALENTS

Cash at bank	30,649	4,739,139
Deposit at call	2,150,361	-
	<u>2,181,010</u>	<u>4,739,139</u>

8. TRADE AND OTHER RECEIVABLES

Current		
GST receivable	79,706	40,875
	<u>79,706</u>	<u>40,875</u>

9. OTHER FINANCIAL ASSETS

Non-current		
Security deposits	166,028	98,800
	<u>166,028</u>	<u>98,800</u>

NOTES TO THE FINANCIAL STATEMENTS
30 June 2022

10. PROPERTY PLANT AND EQUIPMENT

	2022	2021
	\$	\$
Motor vehicles - at cost	32,718	32,718
Accumulated depreciation	(32,718)	(3,978)
Total motor vehicles	-	28,740
Office furniture – at costs	7,890	-
Accumulated depreciation	(7,890)	-
Total motor vehicles	-	-
Right of use assets – leased property – at cost	62,455	-
Accumulated depreciation	(28,625)	-
Total right of use assets – leased property	33,830	-
Total property plant and equipment	33,830	28,740

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

	2022	2021
	\$	\$
Motor vehicles		
Balance at 1 July	28,740	-
Additions	-	32,718
Depreciation	(28,740)	(3,978)
Carrying amount at the end of the financial year	-	28,740
Office furniture		
Balance at 1 July	-	-
Additions	7,590	-
Depreciation Expense	(7,590)	-
Carrying amount at the end of the financial year	-	-
Right of use assets		
Balance at 1 July	-	-
Additions	62,455	-
Depreciation	(28,625)	-
Carrying amount at the end of the financial year	33,830	-
Total carrying amount at the end of the financial year	33,830	28,740

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

11. EXPLORATION AND EVALUATION EXPENDITURE

	2022	2021
	\$	\$
EL 8933 Webbs Consol	1,000,913	49,014
EL 8980 Uralla	808,815	202,717
EL 9003 Fender	268,430	27,510
EL 9004 Elsinore	17,169	13,724
EL 9084 Tea Tree	12,396	9,500
EL 9085 Thor Gold	25,401	18,984
EL 9319 Sandon	12,720	-
EL 9087 Uralla West	13,261	11,385
Net book value	2,159,105	332,834
Balance at 1 July	332,834	30,699
Expenditure incurred	1,826,271	302,135
Net book value	2,159,105	332,834

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

The recoverable amount of development expenditure is determined as the higher of its fair value less costs to sell and its value in use.

During the year ended 30 June 2022, Lode was granted Exploration Licence EL 9319 Sandon.

12. TRADE AND OTHER PAYABLES

CURRENT

Trade payables	293,195	75,861
Sundry payables and accrued expenses	27,448	20,492
Related party payables	8,163	8,163
Other payables	47,239	38,259
	376,045	142,775

CURRENT

Employee benefits	33,690	-
	33,690	-

13. LEASE LIABILITY

Current

Lease liability	32,810	-
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Non-current

Lease liability	2,299	-
	35,109	-

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

14. ISSUED CAPITAL

(a) Issued and paid-up share capital

	30 June 2022		30 June 2021	
	Number	\$	Number	\$
Ordinary shares, fully paid at 1 July	79,966,002	5,611,514	46,460,002	365,022
<i>Movement in Ordinary Shares:</i>				
Issued ordinary shares 1 July 2020 for \$0.010	-	-	200,000	10,000
Issued ordinary shares 5 January 2021 for \$0.010	-	-	7,730,000	773,000
Issued ordinary shares 28 June 2021 for \$0.020	-	-	25,576,000	5,115,200
Less cost of issue	-	-	-	(651,708)
	79,966,002	5,611,514	79,966,002	5,611,514

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the shareholder's meetings. In the event of winding up of the Company, ordinary shareholders rank after creditors and are fully entitled to any proceeds of liquidation.

(b) Share based payment

- On 14 July 2021, the Company granted 500,000 unlisted options to the Exploration Manager. The options have an exercise price of \$0.30, vest immediately and expire on 14 July 2023.

The fair value of the options granted on 14 July 2021 to the Exploration Manager was \$50,000. The Black-Scholes formula model inputs were the Company's share price of \$0.18 at the grant date, a volatility factor of 137.76% based on historical share price performance and a risk-free interest rate of 0.04% based on the 2-year government bond rate.

The terms and conditions of the options held by the exploration manager during the year ended 30 June 2022 are as follows:

Grant date	Expiry date	Vesting date	Exercise price	Start of the period	Granted during the period	Total Exercised Number	Total Number Expired	Balance at end of the period Number
14 July 2021	7 July 2023	Immediately	\$0.30	-	500,000	-	-	500,000

- On 31 March 2021, the Company granted 1,000,000 unlisted options to the Non-Executive Directors. The options have an exercise price of \$0.30, vest immediately and expire on 2 July 2023.

The terms and conditions of the options held by key management personnel during the year ended 30 June 2022 are as follows:

Grant date	Expiry date	Vesting date	Exercise price	Start of the period	Granted during the period	Total Exercised Number	Total Number Expired	Balance at end of the period Number
31 March 2021	2 July 2023	Immediately	\$0.30	1,000,000	-	-	-	1,000,000

The fair value of options granted on 31 March 2021 to Non-executive Directors was \$85,000. The Black-Scholes formula model inputs were the Company's share price of \$0.20 at the grant date, a volatility factor of 100.00%, and a risk-free interest rate of 0.08% based on the 2-year government bond rate.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2022

14. ISSUED CAPITAL (Cont.)

The following unlisted options were on issue as at 30 June 2022:

Opening Balance 1 July 2021 Number	Exercise Price \$	Granted during the year Number	Expired during the year Number	Exercised during the year Number	Closing Balance 30 June 2022 Number
1,000,000	0.30	-	-	-	1,000,000
-	0.30	500,000	-	-	500,000

The following unlisted options were on issue as at 30 June 2021:

Opening Balance 1 July 2020 Number	Exercise Price \$	Granted during the year Number	Expired during the year Number	Exercised during the year Number	Closing Balance 30 June 2021 Number
-	-	1,000,000	-	-	1,000,000

15. RESERVES

	2022 \$	2021 \$
Equity based compensation reserve	135,000	85,000
<i>Movement during the period</i>		
Balance at the beginning of the year	85,000	-
Share based payment – vested share options	50,000	85,000
Options expired during the period	-	-
Balance at the end of year	<u>135,000</u>	<u>85,000</u>

16. LOSS PER SHARE

Basic and diluted loss per share has been calculated using:

Net loss for the year attributable to equity holders of the company	<u>(970,510)</u>	(574,934)
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Weighted average number of ordinary shares (basic and diluted)

Issued ordinary shares at beginning of year	79,966,002	46,460,002
Effect of shares issued (Note 14)	-	4,248,000
Weighted average ordinary shares at the end of the year	<u>79,966,002</u>	<u>50,708,002</u>

As the Company is loss making, none of the potentially dilutive securities are currently dilutive in the calculation of total earnings per share.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

17. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	2022 \$	2021 \$
Cash flows from operating activities		
Loss for the year	(970,510)	(574,934)
Non-cash items		
Depreciation	64,955	3,978
Share based payments	50,000	85,000
Employee entitlements	33,690	-
Other expenses	14,682	-
Changes in assets and liabilities		
Decrease/(increase) in receivables	(38,830)	(39,802)
Decrease/(increase) in other assets	(335)	(1,636)
(Decrease)/Increase in payables	47,260	101,894
Net cash used in operating activities	(799,088)	(425,500)

18. CONTINGENCIES

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2022 (2021: none).

19. CAPITAL AND LEASING COMMITMENTS

The NSW Division of Resource and Geoscience requires a commitment to a work program rather than an expenditure commitment. Work programs can be varied annually. The Company has budgeted minimum work programs for each year as shown below. However, it is anticipated that early exploration success in any project will result in higher expenditures for that project.

	Licence	Grant / application date	Work Year 1 \$	Program Year 2 \$	Commitment Year 3 \$	Total \$
Project						
Uralla	EL8980	16/01/2020	60,000	80,000	80,000	220,000
Webbs Consol	EL8933	14/05/2020	35,000	40,000	50,000	125,000
Fender	EL9003	12/10/2020	45,000	55,000	65,000	165,000
Elsinore	EL9004	12/10/2020	30,000	45,000	45,000	120,000
Tea Tree	EL9084	11/03/2021	35,000	40,000	50,000	125,000
Thor	EL9085	11/03/2021	45,000	55,000	65,000	165,000
Uralla West	EL9087	12/03/2021	20,000	25,000	25,000	70,000
Sandon	EL9319	29/10/2021	-	200,000	-	200,000
Total commitments						1,190,000

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

20. RELATED PARTIES

The Company's main related parties are:

Key management personnel who comprise the Board of Directors.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

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

No directors have entered into a material contract with the Company and there were no material contracts involving directors' interests existing at 30 June 2022.

Key management personnel and director transactions

During the year ended 30 June 2022 and 2021, no key management persons, or their related parties, held positions in other entities that provide material professional services resulting in them having control or joint control over the financial or operating policies of those entities.

Information regarding individual key management personnel's compensation and some equity instruments disclosures as permitted by Corporations Act and Corporations Regulations 2M.3.03 are provided in the Remuneration Report section of the Director's Report.

	2022 \$	2021 \$
Key management personnel compensation		
Primary fees/salary	425,000	-
Superannuation	32,500	-
Share based payment	-	85,000
Short term benefits	25,096	-
	482,596	85,000

21. SHARE BASE PAYMENT

At 30 June 2022 Lode Resources Ltd has the following share-based payment schemes:

During the year the Company has not granted unlisted options to key management personnel to acquire options over unissued ordinary shares in the Company (2021 – 1,000,000). The options have no voting or dividend rights. The options vested immediately on Grant Date and there are no vesting conditions attached to the options issued. Any options not exercised by the expiry date will lapse automatically.

The terms and conditions of the options held by key management personnel during the year ended 30 June 2022 are as follows:

Grant date	Expiry date	Exercise price	Start of the year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at the end of the year	Vested and exercisable at the end of the year
31 March 2021	2 July 2023	\$0.30	1,000,000	-	-	-	1,000,000	1,000,000

The weighted average remaining contractual life of options outstanding at year end was 1.01 years (2021: 1.75). The weighted average exercise price of outstanding shares at the end of the reporting period was \$0.30.

The equity based compensation reserve is used to record the options issued to directors and executives of the Company as compensation. Options are valued using the Black-Scholes option pricing model.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

22. FINANCIAL RISK MANAGEMENT

The Company is exposed to a variety of financial risks through its use of financial instruments.

The Company's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

Financial instruments used

The principal financial instrument used by the Company are summarised as follows:

	2022	2021
	\$	\$
Financial assets		
Held at amortised cost		
Cash and cash equivalents	2,181,010	4,739,139
Security deposits	166,028	98,000
Total financial assets	2,347,038	4,837,139
Financial liabilities		
Financial liabilities at amortised cost	397,605	142,775
Total financial liabilities	397,605	142,775

Objectives, policies and processes

The Board of Directors have overall responsibility for the establishment of Lode Resource's financial risk management framework. This includes the development of policies covering specific areas such as foreign exchange risk, interest rate risk, liquidity risk, credit risk and the use of derivatives.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Mitigation strategies for specific risks faced are described below:

Liquidity risk

Liquidity risk arises from the Company's management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company.

Credit risk arises from cash and cash equivalents and deposits held.

The credit risk for liquid funds and other short-term financial assets is considered negligible since the counterparties are reputable banks and governmental bodies with high-quality external credit ratings.

Interest rate risk

The Company's income statement is affected by changes in interest rates due to the impact of such changes on the interest income from cash and cash equivalents and interest-bearing security deposits.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

22. OPERATING SEGMENTS

The Company's chief operating decision maker has considered the requirements of AASB 8, Operating Segments, and has concluded that, for the year ended 30 June 2022, the Company operated in the mineral exploration within the geographical segments of Australia with no separate reportable segment.

23. SUPERANNUATION EXPENSE

Employee benefit expense includes defined contribution expense of \$33,500 (2021: \$nil).

24. REMUNERATION OF AUDITORS

During the financial year, the following fees were paid or were payable for services provided by the auditors of the Company:

	2022	2021
	\$	\$
Audit services	30,285	23,000
Corporate finance services	-	36,030
	30,285	59,030

25. IMPUTATION CREDITS

Imputation credits of \$nil were available for distribution at 30 June 2022 (2021: \$nil).

26. SUBSEQUENT EVENTS

On 17 August 2022, the Company announced a placement to institutional investors to raise up to \$1,632,540 before costs by the issue of 11,661,000 shares at an issue price of \$0.14. In addition, the Company will seek shareholders' approval at the Annual General Meeting later in the year for directors to subscribe for 178,572 shares to raise \$50,000 under the same terms and conditions of the placement.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

DIRECTORS' DECLARATION

30 June 2022

In the opinion of the directors of Lode Resources Ltd (the 'Company'):

- (a) the financial statements and notes set out on pages 23 to 42, and the Remuneration Report as set out on pages 17 to 20 of the Directors' Report are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2022 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required under section 295A of the Corporations Act 2001 for the financial year ended 30 June 2022.

The Directors draw attention to Note 2(a) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed at Sydney this 31st day of August 2022
in accordance with a resolution of the Board of Directors:



Andrew Van Heyst
Executive Chairman



Edward Leschke
Managing Director

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LODE RESOURCES LTD

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of Lode Resources Ltd (the company), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the financial report of Lode Resources Ltd is in accordance with the Corporations Act 2001, including:

- i) Giving a true and fair view of the company's financial position as at 30 June 2022 and of its performance for the year ended on that date; and
- ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

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

Independence

We are independent of the company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

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Key Audit Matters (cont'd)

1. Carrying value of capitalised exploration expenditure

Why significant	How our audit addressed the key audit matter
<p>As at 30 June 2022 the carrying value of exploration and evaluation assets was \$2,159,105 (2021: \$332,834), as disclosed in Note 11.</p> <p>The Company's accounting policy in respect of exploration and evaluation expenditure is outlined in Note 3(c).</p> <p>We have considered this to be a key audit matter due to its nature and significance.</p>	<p>Our work included, but was not limited to, the following procedures:</p> <ul style="list-style-type: none"> • testing, on a sample basis, exploration and evaluation expenditure incurred during the year for compliance with AASB 6 and the company's accounting policy; • obtaining evidence that the company has current rights to tenure of its area of interest; • reviewing the exploration budget for financial year 2023 and gaining an understanding of planned activities; • enquiring with management, reviewing board meeting minutes and ASX announcements to ensure that the company had not decided to discontinue exploration and evaluation at any of its areas of interest; • assessing whether there are indicators of impairment; and • assessing the appropriateness of the related disclosures in Note 11.

Other Information

Other information is financial and non-financial information in the annual report of the Company which is provided in addition to the Financial Report and the Auditor's Report. The directors are responsible for Other Information in the annual report.

The Other Information we obtained prior to the date of this Auditor's Report was the Review of Operations, Director's report, Corporate Governance Statement, and Additional Stock Exchange Information. The remaining Other Information is expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, the auditor does not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information in the Financial Report and based on the work we have performed on the Other Information that we obtained prior the date of this Auditor's Report we have nothing to report.

Directors' Responsibilities for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and other related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Auditor's Responsibilities for the Audit of the Financial Report (cont'd)

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Lode Resources Ltd for the year ended 30 June 2022, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



PKF



SCOTT TOBUTT
PARTNER

31 AUGUST 2022
SYDNEY, NSW

ADDITIONAL STOCK EXCHANGE INFORMATION

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below. The information is effective as at 31 July 2022.

SECURITIES EXCHANGE

The Company is listed on the Australian Securities Exchange. The Home Exchange is Sydney.

SUBSTANTIAL SHAREHOLDERS

The number of substantial shareholders and their associates are set out below:

Shareholder	Number of Shares
Andrew Van Heyst	21,250,001
Edward Leschke	20,750,001
Michael Ruane	7,050,000

THE NUMBER OF HOLDERS IN EACH CLASS OF SECURITIES

The total distribution of fully paid shareholders and Optionholders as at 31 July 2022 was as follows:

Type of security	Number of holders	Number of securities
Ordinary shares	536	79,966,002
Unlisted options	3	1,500,000

CLASS AND VOTING RIGHTS

The voting rights attached to ordinary shares, as set out in the Company's Constitution, are that every member in person or by proxy, attorney or representative, shall have one vote on a show of hands and one vote for each share held on a poll.

A member holding partly paid shares is entitled to a fraction of a vote equivalent to the proportion which the amount paid up bears to the issue price for the shares.

Options don't carry voting rights.

DISTRIBUTION OF SHAREHOLDERS AND OPTIONHOLDERS

The total distribution of fully paid shareholders and unlisted option holders was as follows:

Range	Total Shareholders	Total Optionholders
1 - 1,000	16	-
1,001 - 5,000	109	-
5,001 - 10,000	133	-
10,001 - 100,000	202	-
100,001 and over	76	3
Total	536	3

ON MARKET BUY BACK

There is no on market buy-back.

ADDITIONAL STOCK EXCHANGE INFORMATION

ESCROWED SECURITIES

As at 31 July 2022, there were 40,414,900 escrowed ordinary shares and 1,000,000 unlisted options

LESS THAN MARKETABLE PARCELS

On 31 July 2022, there are 54 holders of less than a marketable of 2,778 ordinary shares.

TWENTY LARGEST SHAREHOLDERS

As at 31 July 2022, the twenty largest quoted shareholders held 74.23% of the fully paid ordinary shares as follows:

N°	Name	Ordinary Shares	
		Quantity	%
1	Augusta Enterprises Pty Ltd <Augusta Enterprises A/C>	20,115,000	25.15
2	A M Van Heyst Superannuation <A Van Heyst Private S/F A/C>	19,875,000	24.85
3	Kenneth William Gibson & Janice Elizabeth Gibson <K&J Gibson Super Fund A/C>	2,500,000	2.13
4	One Management Investment Funds Limited <TI Growth A/C>	2,349,142	2.94
5	Tyson Resources Pty Ltd	1,860,000	2.33
6	Ashabia Pty Ltd C/-Praemium S2 (S60189-Mjw)	1,452,797	1.82
7	Williams Northwood Pty Ltd <William Super Fund A/C>	1,250,000	1.56
8	MCJP Darling Enterprise Pty Ltd <Taldar SMSF A/C>	1,082,779	1.35
9	Kesli Chemicals Pty Ltd <Ruane S/F A/C>	1,080,000	1.35
10	Dowmardella Pty Ltd <Rodgers Super Fund A/C>	1,000,000	1.25
11	Station Capital Pty Ltd	1,000,000	1.25
12	One Management Investment Funds Limited <TI Absolute Return A/C>	991,960	1.24
13	A M Van Heyst Superannuation c/- ESN Partners	875,001	1.09
14	Leigh David Kalazich	830,000	1.04
15	Augusta Enterprises Pty Ltd	635,001	0.79
16	HSBC Custody Nominees (Australia) Limited	563,760	0.71
17	Villasor Holdings Pty Ltd C/- ESN Partners	500,000	0.63
18	Pulver Superannuation Pty Ltd (The Pulver Super Fund A/C>	500,000	0.63
19	P A Shakespeare Investing Pty Ltd	500,000	0.63
20	Peter Declan Vujanovic	400,000	0.50

TWENTY LARGEST OPTIONOLDERS

As at 31 July 2022, optionholder that held 20% or more of the unquoted options.

Name	Unlisted Options	
	Quantity	%
Jason Michael Beckton	500,000	33.33
Keith Anthony Mayes	500,000	33.33
Mitchell Tarrant	500,000	33.33

ADDITIONAL STOCK EXCHANGE INFORMATION

TENEMENTS SCHEDULE

Project	Location	Licence Number	Holder	Interest %	Type of Tenement
Uralla	NSW	EL8980	Lode Resources Ltd	100	Exploration
Uralla West	NSW	EL9087	Lode Resources Ltd	100	Exploration
Webbs Consol	NSW	EL8933	Lode Resources Ltd	100	Exploration
Fender	NSW	EL9003	Lode Resources Ltd	100	Exploration
Elsinore	NSW	EL9004	Lode Resources Ltd	100	Exploration
Tea Tree	NSW	EL9084	Lode Resources Ltd	100	Exploration
Thor	NSW	EL9085	Lode Resources Ltd	100	Exploration
Sandon	NSW	EL9319	Lode Resources Ltd	100	Exploration