

# **LODE RESOURCES LTD**

ABN 30 637 512 415

## **INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

# Corporate Directory

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

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# LODE RESOURCES LTD

## DIRECTORS' REPORT

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The Directors of Lode Resources Ltd ('Lode' or the 'Company') present their report together with the condensed interim financial report and the auditor's review report thereon for the half year ended 31 December 2022.

### Directors

The names and particulars of the Directors of the Company at any time during or since the end of the half year are:

Andrew Mark Van Heyst, Executive Chairman

Director since 18 November 2019.

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.

### Edward Jan Leschke, Managing Director

Director since 18 November 2019

Mr. Leschke graduated with a Bachelor of Applied Science Geology degree from the Queensland University of Technology.

With more than 30 years' experience in resources industry including MD of ASX listed Equus Mining from startup 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.

### Keith Anthony Mayes, Non-Executive Director

Director since 10 March 2020

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 formerly 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.

### Jason Michael Beckton, Non-Executive Director

Director since 29 September 2020

Mr. Beckton holds BSc (Hons) Melbourne and a Masters of Economic Geology from the University of Tasmania.

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. He is currently Managing Director of Prospech Ltd and Non-executive Director of White Rocks Minerals Limited.

# LODE RESOURCES LTD

## DIRECTORS' REPORT

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### Review of Operations

#### Corporate Activities

On 17 August 2022, the Company announced a placement to institutional investors and raise \$1,632,540 before costs by the issue of 11,661,000 shares at an issue price of \$0.14. In addition, the Company issued a total of 5,830,500 listed options to the subscribers of the placement on the basis of one option for every two shares subscribed with an exercise price of \$0.24 and expiring on 25 August 2024.

On 25 August 2022, The Company issued to the lead manager of the placement 2,500,000 listed options under the same terms and conditions as the subscribers of the placement.

On 2 December 2022, following shareholders' approval at the Company's Annual General Meeting. The Company issued 357,143 shares to Directors of the Company raising \$50,000. In addition, the Company issued 178,572 unlisted attaching options to Directors on basis of one option for every two shares subscribed with an exercise price of \$0.24 and expiring on 2 December 2024.

On 2 December 2022, following shareholders' approval at the Company's Annual General Meeting. The Company issued 500,000 unlisted options to the Non-executive Directors with an exercise price of \$0.24 and expiring on 2 December 2024 and vesting immediately.

On 8 December 2022, The Company issued 500,000 unlisted options to the Exploration Manager and 250,000 unlisted options to the Company Secretary. Each option has an exercise price of \$0.24 expiring on 2 December 2024 and vesting immediately.

#### Financial position and performance

The Company recognised a loss for the half-year period ended 31 December 2022 of \$885,002 (31 December 2021: Loss of \$571,374). The net assets of the Company at 31 December 2022 were \$5,209,350 (30 June 2022: \$4,178,739) including cash of \$2,076,495 (30 June 2022: \$2,181,010).

The Company's strategy is to continue with its program of exploring and developing the Company's tenements in the New England Fold Belt. The Company completed a capital raising subsequent to 31 December 2022 and believes that the current cash reserves, will be sufficient to fund the Company's operational requirements and achieve its short-term business objectives.

#### Exploration Tenements

Exploration activities for the half-year period ended 31 December 2022 primarily focussed on Lode's 100% owned Webbs Consol Silver Project (EL8933) ("Webbs Consol"). Webbs Consol has become the Company's flagship project due to the high calibre of drilling results achieved to date.

At total of 19 drill holes were completed at Webbs Consol for a total of 2,053m of drilling. Significant intercepts are summarised below:

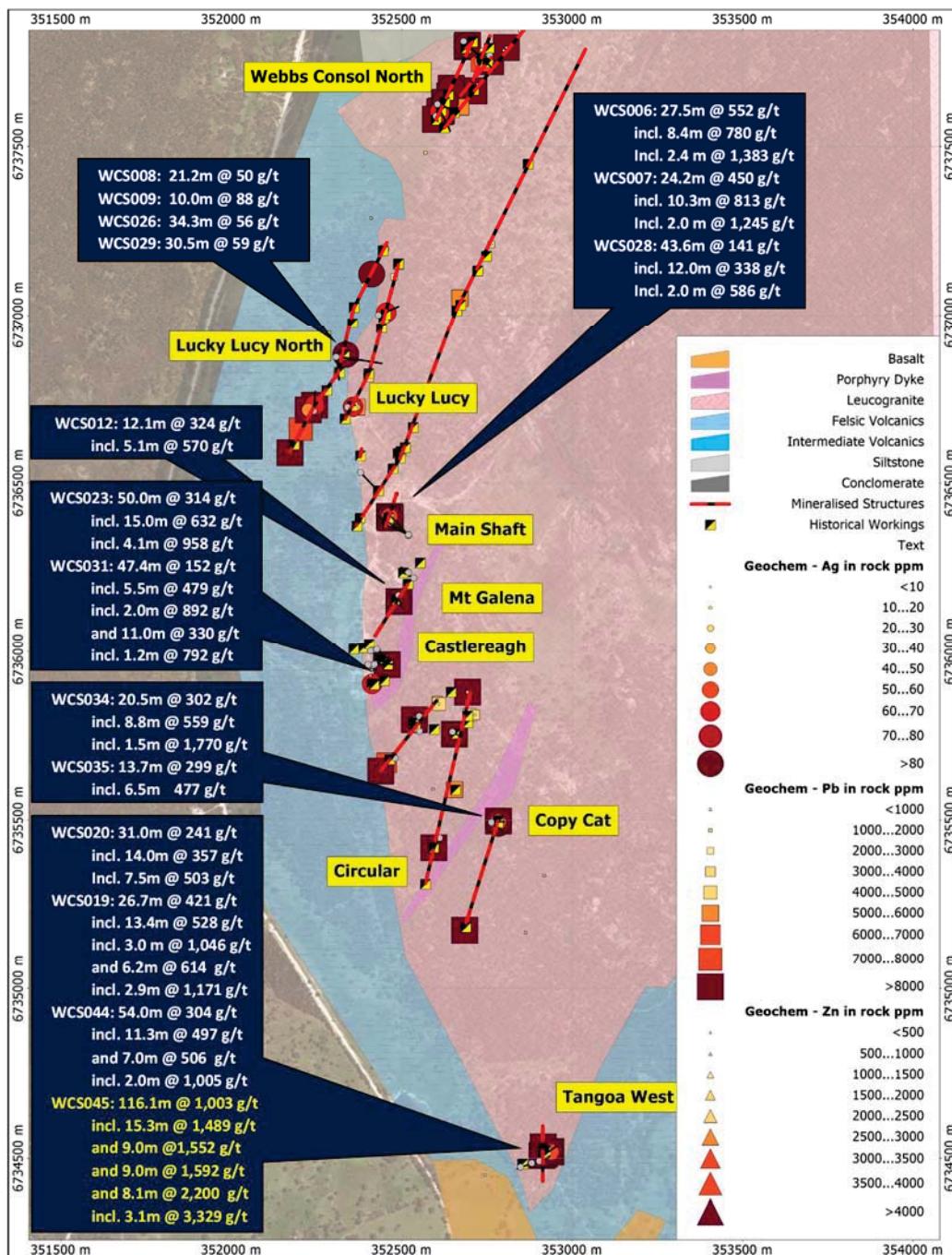
- WCS028 intercepted 43.6m @ 141 g/t AgEq from 138.4m including 12.0m @ 338 g/t AgEq from 147.0m including 2.0m @ 586 g/t AgEq from 148m. These intercepts extended the Main Shaft Lode mineralisation to 150m vertical depth and the lode remains open.
- WCS031 intercepted 47.4m @ 152 g/t AgEq from 66.5m including 5.5m @ 479 g/t AgEq from 78.5m and 11.0m @ 330 g/t AgEq from 102.0m. This intercept extended Castlereagh Lode mineralisation to 110m vertical depth and the lode remains open.
- WCS034 intercepted 20.5m @ 302 g/t AgEq from 16.0m including 8.8m @ 559 g/t AgEq from 21.2m and 1.5m @ 1,770 g/t AgEq also from 21.2m. This intercept marks the discovery of the Copycat Lode representing the sixth sulphide lode discovered at the Webbs Consol Project.
- WCS035 intercepted 13.7m @ 299 g/t AgEq from 23.3m including 6.5m @ 477 g/t AgEq from 25.8m demonstrating strike continuity of the Copycate Lode.
- WCS044 intercepted 54.0m @ 304 g/t AgEq from 48.3m including 11.3m @ 497 g/t AgEq from 54.0m and 7.0m @ 506 g/t AgEq from 81.0m including 2.0m @ 1,005 g/t AgEq from 86.0m (assays reported subsequently to the half-year ended 31 December 2022). This intercept extended Tangoa West Lode mineralisation to 90m vertical depth and the lode remains open.

# LODE RESOURCES LTD DIRECTORS' REPORT

- WCS045 intercepted 116.1m @ 1,003 g/t AgEq from 90.9m including 15.3m @ 1,489 g/t AgEq from 126.0m and 9.0m @ 1,552 g/t AgEq from 172.0m and 9.0m @ 1,592 g/t AgEq from 185.0m and 8.1m @ 2,200 g/t AgEq from 196.0m including 3.1m @ 3,325 g/t AgEq from 201.0m (assays reported subsequently to the half-year ended 31 December 2022). This intercept extended Tangoa West Lode mineralisation to 200m vertical depth and the lode remains open.

During the reporting period Lode also carried out extensive geological mapping within EL8933 (Webbs Consol) as well as rockchip sampling. Some 26 additional workings were discovered. In addition, Lode conducted a high density drone magnetic survey and a high density gravity survey both covering an area of 10sqkm within EL8933.

**Figure 1.** Webbs Consol Silver Project – Phase I & II main drill results



During the half-year period ended 31 December 2022 Lode announced that the Company was granted Exploration License 9454 by the NSW Government at Webbs Consol. This new exploration licence covers an area of 53 units, or approximately 155km<sup>2</sup>, and quadruples the area under tenure at the Webbs Consol to 70 units or approximately 203km<sup>2</sup>.



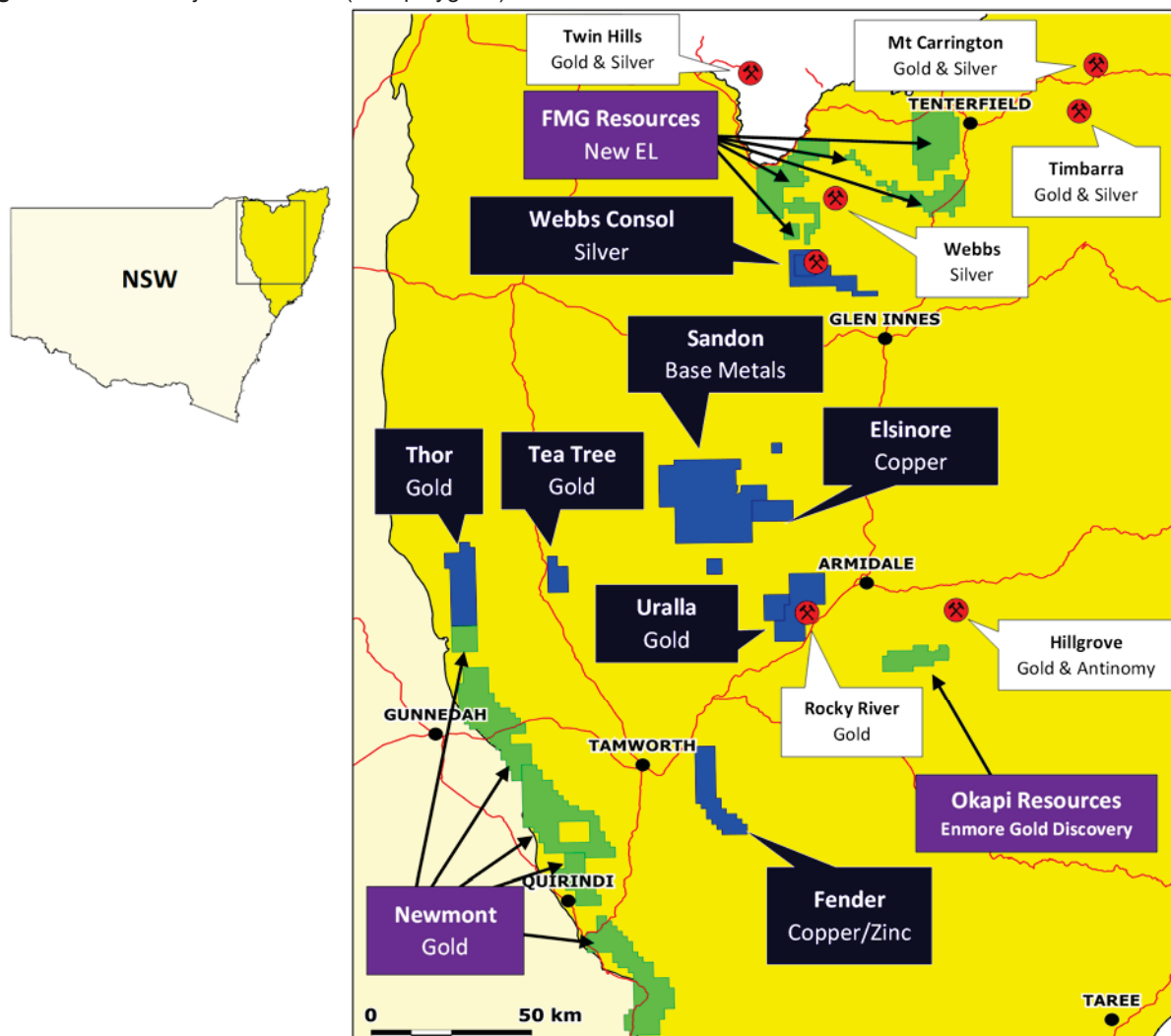
# LODE RESOURCES LTD

## DIRECTORS' REPORT

The additional exploration ground will allow Lode to expand its exploration efforts over a wider area whilst continuing to focus ongoing drilling at the central Webbs Consol project area, where multiple high-grade Ag-Pb-Zn lodes have been discovered. Significant knowledge gained from extensive exploration work done to date will be used to explore for similar occurrences.

Used of funds	Prospectus Year 2 Budget	6 Months Actuals to 31 December 2022
	\$	\$
Webbs Consol (EL8933)	321,600	1,068,103
Uralla (EL8980)	322,400	2,367
Fender (EL9003)	321,600	7,077
Elsinore (EL9004)	28,400	4,387
Tea Tree (EL6016)	20,000	2,367
Thor (EL6020)	20,000	2,367
Sandon (EL9319)	-	17,348
Uralla West (EL9087)	-	2,367
Webbs Consol Expanded (EL9454)	-	-
Miscellaneous	228,800	-
Contingency 15%	189,400	-
<b>Total</b>	<b>1,452,200</b>	<b>1,106,383</b>

**Figure 2.** Lode's Project Locations (blue polygons)



# LODE RESOURCES LTD

## DIRECTORS' REPORT

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### 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 activity 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 an option holder 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.

### 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 released on 30 January 2023 and the market announcements on 1 February 2023 and 6 February 2023 and that all material assumptions and technical parameters in the market announcements continue to apply and have not materially changed.

### Subsequent Events

On 14 February 2023, the Company issued 14,800,000 ordinary shares at an issue price of \$0.30 and raise \$4,440,000 before costs. In addition, the Company issued 4,933,333 listed options to the subscribers of the placement on the basis of one option for every three shares subscribed.

On 14 February 2023, The Company issued 2,500,000 unlisted options to the lead manager of the placement. The options have an exercise price of \$0.40 expiring on 14 February 2025 and vesting immediately.

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

### Lead Auditor's Independence Declaration

The Lead Auditor's Independence Declaration is set out on page 6 and forms part of the Directors' Report for the half-year ended 31 December 2022.

Signed at Sydney this 9th day of March 2023  
in accordance with a resolution of the Board of Directors:



**Andrew M. Van Heyst**  
Executive Chairman



**Edward J. Leschke**  
Managing Director



Lode Resources Limited

## Auditors Independence Declaration under Section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2022, there have been:

- a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review, and
- b) no contraventions of any applicable code of professional conduct in relation to the review.



PKF



SCOTT TOBUTT  
PARTNER

9 MARCH 2023  
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](http://www.pkf.com.au)

# LODE RESOURCES LTD

## Condensed Interim Statement of Profit or Loss and Other Comprehensive Income For the half-year ended 31 December 2022

	Notes	31 December 2022 \$	31 December 2021 \$
<b>CONTINUING OPERATIONS</b>			
Other income		-	-
<b>Expenses</b>			
Administration and consultants' expenses		(92,308)	(99,383)
Employee and director costs		(330,744)	(311,184)
Amortisation and depreciation		(15,614)	(20,901)
Legal and professional expenses		(3,190)	(4,732)
Travel expenses		(24,900)	(3,704)
Other expenses		(394,415)	(129,563)
<b>Operating loss before financing income and expense</b>		<b>(861,171)</b>	<b>(569,467)</b>
Interest income		6,939	64
Interest expense		(770)	(1,971)
<b>Net finance income/(expense)</b>		<b>6,169</b>	<b>(1,907)</b>
<b>Loss before income tax</b>	3	<b>(855,002)</b>	<b>(571,374)</b>
Income tax benefit/(expense)		-	-
<b>Loss for the period</b>		<b>(855,002)</b>	<b>(571,374)</b>
Other comprehensive income for the period		-	-
<b>Total comprehensive loss for the period</b>		<b>(855,002)</b>	<b>(571,374)</b>
<b>Earnings per share</b>			
Basic and diluted loss per share		(0.010)	(0.007)

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

# LODE RESOURCES LTD

## Condensed Interim Statement Of Financial Position As at 31 December 2022

	Notes	31 December 2022 \$	30 June 2022 \$
<b>Current assets</b>			
Cash and cash equivalents		2,076,495	2,181,010
Trade and other receivables		73,256	79,706
Other assets		21,185	3,904
<b>Total current assets</b>		<b>2,170,936</b>	<b>2,264,620</b>
<b>Non-current assets</b>			
Other financial assets		209,528	166,028
Property, plant and equipment		18,216	33,830
Exploration and evaluation assets	4	3,148,136	2,159,105
<b>Total non-current assets</b>		<b>3,375,880</b>	<b>2,358,963</b>
<b>Total assets</b>		<b>5,546,816</b>	<b>4,623,583</b>
<b>Current liabilities</b>			
Trade and other payables		276,369	376,045
Employee entitlements		41,996	33,690
Lease liability		19,101	32,810
<b>Total current liabilities</b>		<b>337,466</b>	<b>442,545</b>
<b>Non-current liabilities</b>			
Lease liability		-	2,299
<b>Total non-current liabilities</b>		<b>-</b>	<b>2,299</b>
<b>Total liabilities</b>		<b>337,466</b>	<b>444,844</b>
<b>Net assets</b>		<b>5,209,350</b>	<b>4,178,739</b>
<b>Equity</b>			
Issued capital	5	6,956,494	5,611,514
Reserves		675,633	135,000
Accumulated losses		(2,422,777)	(1,567,775)
<b>Total equity</b>		<b>5,209,350</b>	<b>4,178,739</b>

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

# LODE RESOURCES LTD

## Condensed Interim Statement Of Changes In Equity For the half year ended 31 December 2022

	Issued capital	Option premium reserve	Accumulated losses	Total
	\$	\$	\$	\$
<b>Balance at 1 July 2021</b>	<b>5,611,514</b>	<b>85,000</b>	<b>(597,265)</b>	<b>5,099,249</b>
Loss for the period	-	-	(571,374)	(571,374)
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>(571,374)</b>	<b>(571,374)</b>
<b>Transactions with owners recorded directly in equity</b>				
Share base payment	-	50,000	-	50,000
<b>Balance at 31 December 2021</b>	<b>5,611,514</b>	<b>135,000</b>	<b>(1,168,639)</b>	<b>4,577,875</b>
 <b>Balance at 1 July 2022</b>	 <b>5,611,514</b>	 <b>135,000</b>	 <b>(1,567,775)</b>	 <b>4,178,739</b>
Loss for the period	-	-	(855,002)	(855,002)
Total other comprehensive income	-	-	-	-
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>(855,002)</b>	<b>(855,002)</b>
<b>Transactions with owners recorded directly in equity</b>				
Ordinary shares and options issued	1,469,657	212,883	-	1,682,540
Transaction costs on issue of shares and options	(124,677)	-	-	(124,677)
Share base payments	-	327,750	-	327,750
<b>Balance at 31 December 2022</b>	<b>6,956,494</b>	<b>675,633</b>	<b>(2,422,777)</b>	<b>5,209,350</b>

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

# LODE RESOURCES LTD

## Condensed Interim Statement Of Cash Flows For the half year ended 31 December 2022

	31 December 2022 \$	31 December 2021 \$
<b>Cash flows from operating activities</b>		
Cash payments in the course of operations	(502,205)	(446,611)
Net cash used in operations	(502,205)	(446,611)
Interest received	6,939	64
<b>Net cash used in operating activities</b>	<b>(495,266)</b>	<b>(446,547)</b>
<b>Cash flows from investing activities</b>		
Payments for exploration and evaluation expenditure	(1,106,383)	(690,393)
Payments for security deposits	(43,501)	-
Payment for plant and equipment	-	(40,608)
<b>Net cash used in investing activities</b>	<b>(1,149,884)</b>	<b>(731,001)</b>
<b>Cash flows from financing activities</b>		
Proceeds from share and option issues	1,682,540	-
Transaction costs on share and option issues	(124,677)	(59,164)
Lease payments	(17,228)	(14,249)
<b>Net cash provided / (used in) by financing activities</b>	<b>1,540,635</b>	<b>(73,413)</b>
<b>Net decrease in cash held</b>	<b>(104,515)</b>	<b>(1,250,961)</b>
Cash at the beginning of the reporting period	2,181,010	4,739,139
<b>Cash and cash equivalents at 31 December</b>	<b>2,076,495</b>	<b>3,488,178</b>

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

# LODE RESOURCES LTD

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

31 December 2022

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### 1. REPORTING ENTITY

Lode Resources Ltd (the 'Company') is a company domiciled in Australia as an individual entity. 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.

The annual financial statements of the Company as at and for the year ended 30 June 2022 are available upon request from the Company's registered office at C/o ESN Partners, Australia Square, Level 30, 264 - 278 George Street, Sydney, NSW, 2000 or at [www.loderesources.com](http://www.loderesources.com).

### 2. BASIS OF PREPARATION

#### (a) Statement of Compliance

The condensed interim financial statements are general purpose financial statements prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the last annual financial statements as at and for the year ended 30 June 2022. The condensed interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual financial statements of the Company as at and for the year ended 30 June 2022 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX Listing Rules.

This condensed interim financial report was approved by the Board of Directors on 9 March 2023.

#### (b) Estimates

The preparation of the condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 30 June 2022.

#### Fair value of Options

There were estimates used to value the issue of 3,750,000 options issued during the half-year ended 31 December 2022 with a fair value of \$327,750. Estimates used in this valuation are outlined in Note 5.

#### (c) Employee Benefits

##### *Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

##### *Other long-term employee benefits*

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

31 December 2022

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**(c) Employee Benefits (cont'd)**

*Defined contribution superannuation expense*

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

**(d) 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.

**(e) 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.

**(f) Changes in Accounting Policies**

All other accounting policies used are consistent with those applied in the 30 June 2022 financial report.

# LODE RESOURCES LTD

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

31 December 2022

### 3. LOSS BEFORE INCOME TAX

	31 December 2022 \$	31 December 2021 \$
The following items are relevant in explaining the financial performance for the half-year:		
Interest income on cash deposits	6,939	64
Interest expense	(770)	(1,971)
Total	<u>6,169</u>	<u>(1,907)</u>

Lease liability repayment for the six months ended 31 December 2022 was \$17,228 (2021 – \$14,249) and is recognised as cash outflows from lease repayments.

### 4. EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2022 \$	30 June 2022 \$
EL 8933 Webbs Consol	1,951,663	1,000,913
EL 8980 Uralla	811,182	808,815
EL 9003 Fender	275,507	268,430
EL 9004 Elsinore	21,556	17,169
EL 9084 Tea Tree	14,763	12,396
EL 9085 Thor Gold	27,768	25,401
EL 9087 Uralla West	15,628	13,261
EL 9319 Sandon	30,069	12,720
Net book value	<u>3,148,136</u>	<u>2,159,105</u>
Balance at beginning of the period	2,159,105	332,834
Expenditure incurred	<u>989,031</u>	<u>1,826,271</u>
Net book value	<u>3,148,136</u>	<u>2,159,105</u>

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.

# LODE RESOURCES LTD

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

31 December 2022

### 5. ISSUED CAPITAL

#### (a) Issued and paid-up share capital

	31 December 2022		30 June 2022	
	Number	\$	Number	\$
Ordinary shares, fully paid at 1 July	79,966,002	5,611,514	79,966,002	5,611,514
<i>Movement in Ordinary Shares:</i>				
Issued ordinary shares 17 August 2022 for \$0.14 <sup>1</sup>	11,661,000	1,419,657	-	-
Issued ordinary shares 2 December 2022 for \$0.14 <sup>2</sup>	357,143	50,000	-	-
Less cost of issue	-	(124,677)	-	-
	<b>91,984,145</b>	<b>6,956,494</b>	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.

<sup>1</sup> In August 2022, the Company issued 11,661,000 ordinary shares and 5,830,500 options for cash totalling \$1,632,540, the fair value of the shares is \$1,469,657 and the fair value of the options is \$212,883. The options are each exercisable at \$0.24 to acquire one fully paid ordinary share exercisable at any time up to 25 November 2024.

<sup>2</sup> In December 2022, the Company issued 357,143 ordinary shares for cash totalling \$50,000 to Directors of the Company.

#### (b) Share options

On 17 August 2022, the Company issued 5,830,500 listed options to the subscribers of the placement on the basis of one option for every two shares subscribed with an exercise price of \$0.24 and expiring on 25 August 2024.

On 17 August 2022, the Company issued 2,500,000 listed options to the lead manager of the placement. The fair value of the options was \$262,500. The Black-Scholes formula model inputs were the Company's share price of \$0.17 at the grant date, a volatility factor of 135.17% based on historical share price performance and a risk-free interest rate of 2.86% based on the 2-year government bond rate.

On 2 December 2022, the Company issued 178,572 unlisted options to Directors of the Company as attaching options to the shares issued on the same date on the basis of one option for every two shares subscribed.

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
17 August 2022	25 August 2024	Immediately	\$0.24	-	8,330,500	-	-	8,330,500
2 December 2022	2 December 2024	Immediately	\$0.24	-	178,572	-	-	178,572

# LODE RESOURCES LTD

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

31 December 2022

### (c) Share base payment

On 2 December 2022, the Company granted 500,000 unlisted options to Non-executive Directors of the Company. The options have an exercise price of \$0.24.

The fair value of the 500,000 options granted on 2 December 2022 was \$27,000. The Black-Scholes formula model inputs were the Company's share price of \$0.125 at the grant date, a volatility factor of 106.15% based on historical share price performance, and a risk-free interest rate of 3.62% based on the 2-year government bond rate.

On 8 December 2022, The Company issued 500,000 unlisted options to the Exploration Manager and 250,000 unlisted options to the Company Secretary. Each option has an exercise price of \$0.24 expiring on 2 December 2024 and vesting immediately.

The fair value of the 750,000 options granted on 8 December 2022 was \$38,250. The Black-Scholes formula model inputs were the Company's share price of \$0.13 at the grant date, a volatility factor of 102.17% based on historical share price performance, and a risk-free interest rate of 2.99% based on the 2-year government bond rate.

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 500,000 options granted on 14 July 2021 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.

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 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.

The terms and conditions of the options held by key management personnel and employees during the half year ended 31 December 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
2 December 2022	2 December 2024	Immediately	\$0.24	-	500,000	-	-	500,000
8 December 2022	2 December 2024	Immediately	\$0.24	-	750,000	-	-	750,000
31 March 2021	2 July 2023	Immediately	\$0.30	1,000,000	-	-	-	1,000,000
14 July 2021	7 July 2023	Immediately	\$0.30	500,000	-	-	-	500,000

The terms and conditions of the options held by key management personnel and employees during the half year ended 31 December 2021 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
14 July 2021	7 July 2023	Immediately	\$0.30	-	500,000	-	-	500,000

## LODE RESOURCES LTD

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

31 December 2022

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#### 6. OPERATING SEGMENTS

The Company's chief operating decision maker has considered the requirements of AASB 8, Operating Segments, and has concluded that, during the half-year ended 31 December 2022, the Company operated in the mineral exploration within the geographical segments of Australia with no separate reportable segment.

#### 7. EVENTS OCCURRING SUBSEQUENT TO 31 DECEMBER 2022

On 14 February 2023, the Company issued 14,800,000 ordinary shares at an issue price of \$0.30 and raise \$4,440,000 before costs. In addition, the Company issued 4,933,333 listed options to the subscribers of the placement on the basis of one option for every three shares subscribed.

On 14 February 2023, The Company issued 2,500,000 unlisted options to the lead manager of the placement. The options have an exercise price of \$0.40 expiring on 14 February 2025 and vesting immediately.

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

#### 8. RELATED PARTIES

##### Transactions with key management personnel

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

Other than in relation to employment contracts and shareholdings, no directors have entered into a material contract with the Company and there were no material contracts involving directors' interests existing at 31 December 2022.

**LODE RESOURCES LTD**  
**DIRECTORS' DECLARATION**  
31 December 2022

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

- (a) the financial statements and notes set out on pages 7 to 16, are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Company's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
  - (ii) complying with Australian Accounting Standard AASB 134: *Interim Financial Reporting* 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.

Signed at Sydney this 9<sup>th</sup> day of March 2023  
in accordance with a resolution of the Board of Directors:



**Andrew Van Heyst**  
Executive Chairman



**Edward Leschke**  
Managing Director



# INDEPENDENT AUDITOR'S REVIEW REPORT

## TO THE MEMBERS OF LODE RESOURCES LTD

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the accompanying half-year financial report of Lode Resources Ltd (the Company), which comprises the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Lode Resources Ltd is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the Company's the financial position as at 31 December 2022, and of its financial performance for the half-year ended on that date; and
- (b) complying with the Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

#### Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. In accordance with the Corporations Act 2001, we have given the directors of the Company a written Auditor's Independence Declaration.

#### Directors' Responsibility for the Half-Year Financial Report

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

#### Auditor's Responsibility for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Company's financial position as at 31 December 2022 and its performance for the half year ended on that date, and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Lode Resources Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

PKF (NS) Audit & Assurance Limited Partnership  
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## Auditor's Responsibility for the Review of the Half-Year Financial Report (cont'd)

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



PKF



SCOTT TOBUTT  
PARTNER

9 MARCH 2023  
SYDNEY, NSW