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LODE RESOURCES LTD

ABN 30 637 512 415

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

CORPORATE DIRECTORY

Directors	Andrew Van Heyst Edward Leschke Keith Mayes Jason Beckton	Executive Chairman Managing Director Non-Executive Director Non-Executive Director
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Company Secretary	Marcelo Mora
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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
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Solicitors	Thomson Geer Level 14 60 Martin Place Sydney NSW 2000
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Stock Exchange Listings	Australian Securities Exchange	(Code – LDR)
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REVIEW OF OPERATIONS FOR THE YEAR ENDED 30 JUNE 2023

The Directors of Lode Resources Ltd (ASX: LDR or 'Lode' or 'the Company') are pleased report that the Company has achieved significant exploration milestones during the year-ended 30 June 2023.

Lode's exploration focus is on the highly prospective but under-explored 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-base metal 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 hosts significant copper in drainage anomalies and several known historical workings of VMS style mineralisation providing some very attractive exploration targets;
4. **Sandon Base Metals** – The Bundarra Copper and Abington Base Metal Projects host VMS style mineralisation and have both undergone preliminary exploration. They are located 45km and 60km respectively west of Guyra;
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 2023, the Company had been granted seven exploration licences as follows:

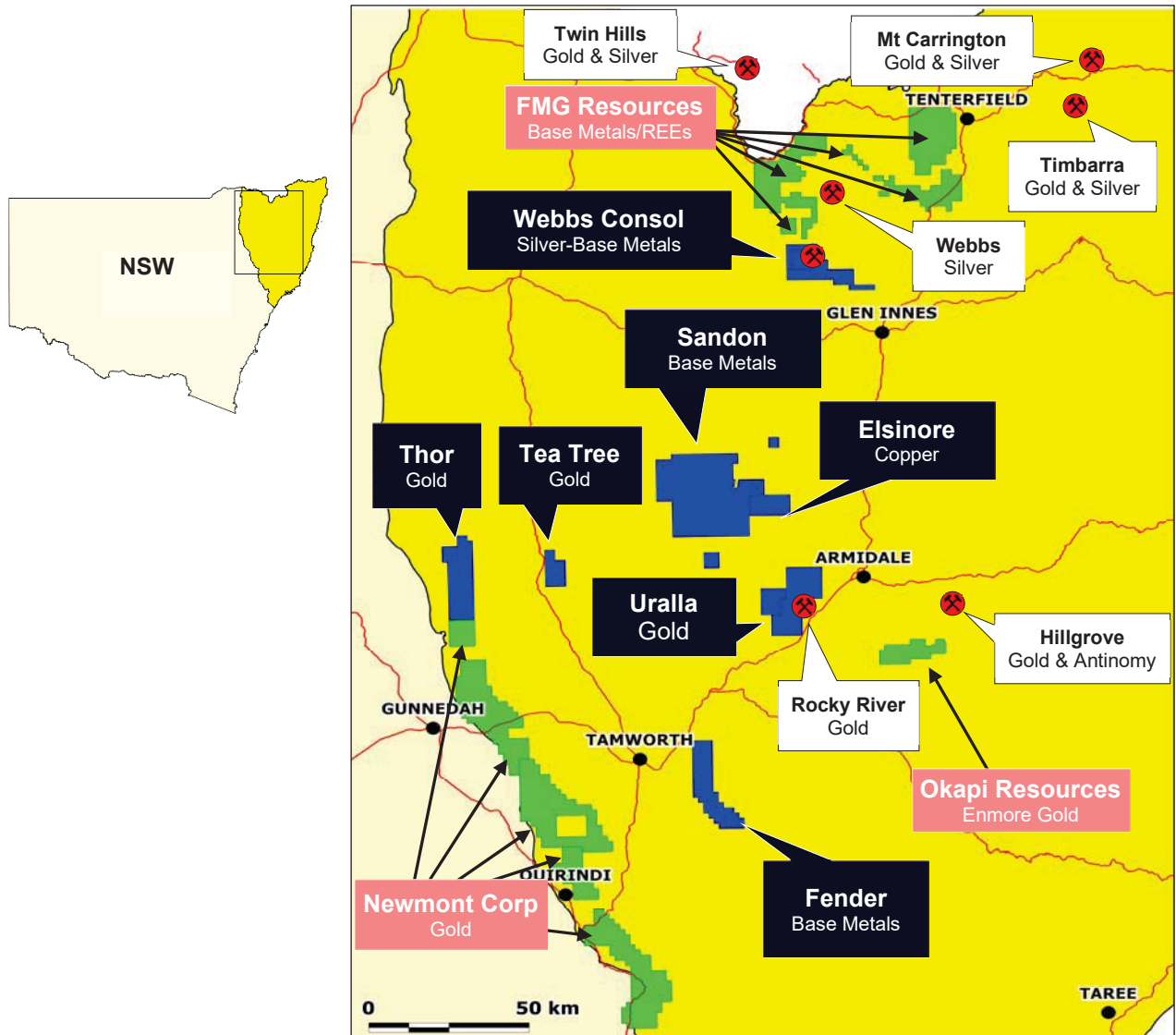
Project	Licence	Grant Date	Expiry Date	Commodity	Units	Status
Webbs Consol	EL8933	16 January 2020	16 January 2029	Group 1 (Metallic minerals)	16	Granted
Webbs Consol Exp.	EL9454	7 September 2022	7 September 2025	Group 1 (Metallic minerals)	53	Granted
Uralla	EL8980	14 May 2020	14 May 2023	Group 1 (Metallic 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

Since the successful completion of the A\$5.1M IPO, admission to the Official List of ASX Limited ('ASX') on Wednesday, 30 June 2021 and the commenced trading on Friday, 2 July 2021, successful drill campaigns have been carried out at three of seven projects 100% owned by Lode with the Webbs Consol Silver-Base Metals Project producing exceptional drill results.

REVIEW OF OPERATIONS FOR THE YEAR ENDED 30 JUNE 2023

A total of 5,032 metres of drilling in 37 drill holes was carried out during the year of which all was carried out at the Webbs Consol Silver-Base Metal Project. All of Lode's projects are located in the highly prospective but under-exploited New England Fold Belt in north-eastern NSW.

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



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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 systems;
- Use modern exploration methods and best practices in cost effective programs; and
- Advance discoveries through to the development stage.

REVIEW OF OPERATIONS FOR THE YEAR ENDED 30 JUNE 2023

Table 1: – Significant intercept assay results from drilling to date at Webbs Consol (all widths are down hole)

Hole	From (m)	To (m)	Interval (m)	AgEq ¹ (g/t)	Ag (g/t)	Pb (%)	Zn (%)	Cu (%)	Endowment (AgEq g/t.m)	Prospect
WCS045	90.9	207.0	116.1	1,003	254	6.35	8.35	0.24	116,401	Tangoa West
WCS052A	98.0	247.2	149.2	627	183	3.13	5.19	0.19	93,502	Tangoa West
WCS050	104.4	170.2	65.8	904	266	13.56	2.38	0.42	59,505	Tangoa West
WCS047	144.7	169.2	24.5	1,450	389	1.56	16.00	0.24	35,519	Tangoa West
WCS052B	279.0	319.2	40.2	804	83	0.16	11.56	0.04	32,302	Tangoa West
WCS065	270.0	303.2	33.2	569	64	0.14	8.13	0.01	18,895	Tangoa West
WCS064	203.3	231.0	27.7	633	146	0.35	7.69	0.03	17,537	Tangoa West
WCS044	48.3	102.3	54.0	304	84	3.69	1.22	0.21	16,394	Tangoa West
WCS023	17.0	67.0	50.0	314	94	2.93	1.81	0.08	15,708	Castlereagh
WCS006	104.6	132.1	27.5	552	118	0.77	6.52	0.07	15,168	Main Shaft
WCS049	81.8	126.0	44.2	264	68	4.16	0.56	0.20	11,656	Tangoa West
WCS051	79.0	109.7	30.7	376	93	3.88	2.13	0.21	11,531	Tangoa West
WCS019	30.1	56.8	26.7	421	115	6.43	1.07	0.25	11,237	Tangoa West
WCS007	122.9	147.1	24.2	450	63	0.49	5.96	0.04	10,871	Main Shaft
WCS020	30.6	61.6	31.0	241	55	3.37	0.98	0.12	7,471	Tangoa West
WCS031	66.5	113.9	47.4	152	46	0.79	1.22	0.04	7,227	Castlereagh
WCS034	16.0	36.5	20.5	302	77	1.10	2.87	0.10	6,183	Copycat
WCS028	138.4	182.0	43.6	141	12	0.28	1.91	0.02	6,143	Main Shaft
WCS035	23.3	37.0	13.7	299	87	0.71	2.61	0.26	4,092	Copycat
WCS012	48.0	60.1	12.1	324	108	5.49	0.36	0.10	3,916	Mt Galena

¹Silver 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.

The Tango West Lode contains the highest mineralisation endowment of the six lodes discovered at the Webbs Consol Silver-Base Metals Project based on drilling to date, aided by easy drill positions. Very thick high-grade silver-lead-zinc intercepts have been returned from at least ten drillholes. Mineralisation has now been intercepted down to a vertical depth of 300 metres and the lode remains open at depth.

Assays have shown that there is a transition from silver-lead rich mineralisation to silver-zinc rich mineralisation at approximately 135m vertical depth within the Tangoa West Lode. What make the mineralogy unusual at Webbs Consol is the strong association of silver with zinc in addition to the normal association of silver with lead. Silver minerals identified in petrological analysis include tetrahedrite and stephanite.

Also there is a change of lode plunge from vertical above approximately 100m vertical depth to a 65°-70° north plunge below 100m vertical depth as show in Figure 2. This has implication for drill positioning and orientation when the other lodes are to be tested at depth.

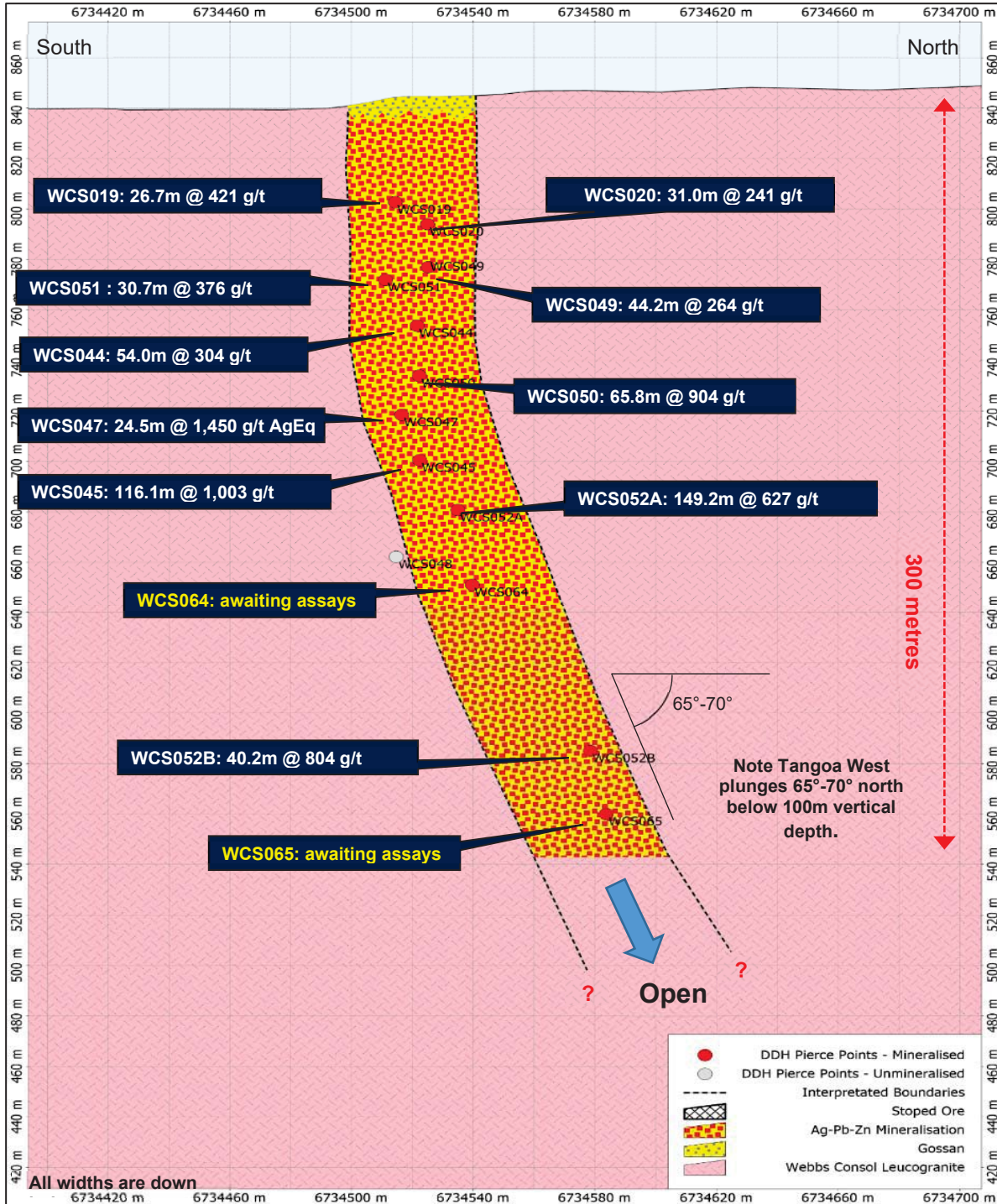
An additional two drill holes targeting the Tangoa West Lode at depth have been completed with assays outstanding at the time of writing. The estimated intercept down hole length and minerals grades are as follow:

- Drill hole WCS064 has intersected 26.2m of sulphide mineralisation containing an estimated 20% sphalerite ((Zn,Fe)S) and 3% galena (PbS) from 203.3m to 229.5m. Significant silver mineralisation is also anticipated.
- Drill hole WCS065 has intersected 33.1m of sulphide mineralisation containing an estimated 15% sphalerite ((Zn,Fe)S) and 2% galena (PbS) from 270.0m to 303.1m. Significant silver mineralisation is also anticipated.

Sulphide distribution within these two intercepts range from disseminated blebs of sphalerite and galena to massive veins of sphalerite with significant silver grades also expected.

REVIEW OF OPERATIONS
FOR THE YEAR ENDED 30 JUNE 2023

Figure 2. Tangoa West Lode longitudinal section showing holes drilled to date (looking west).



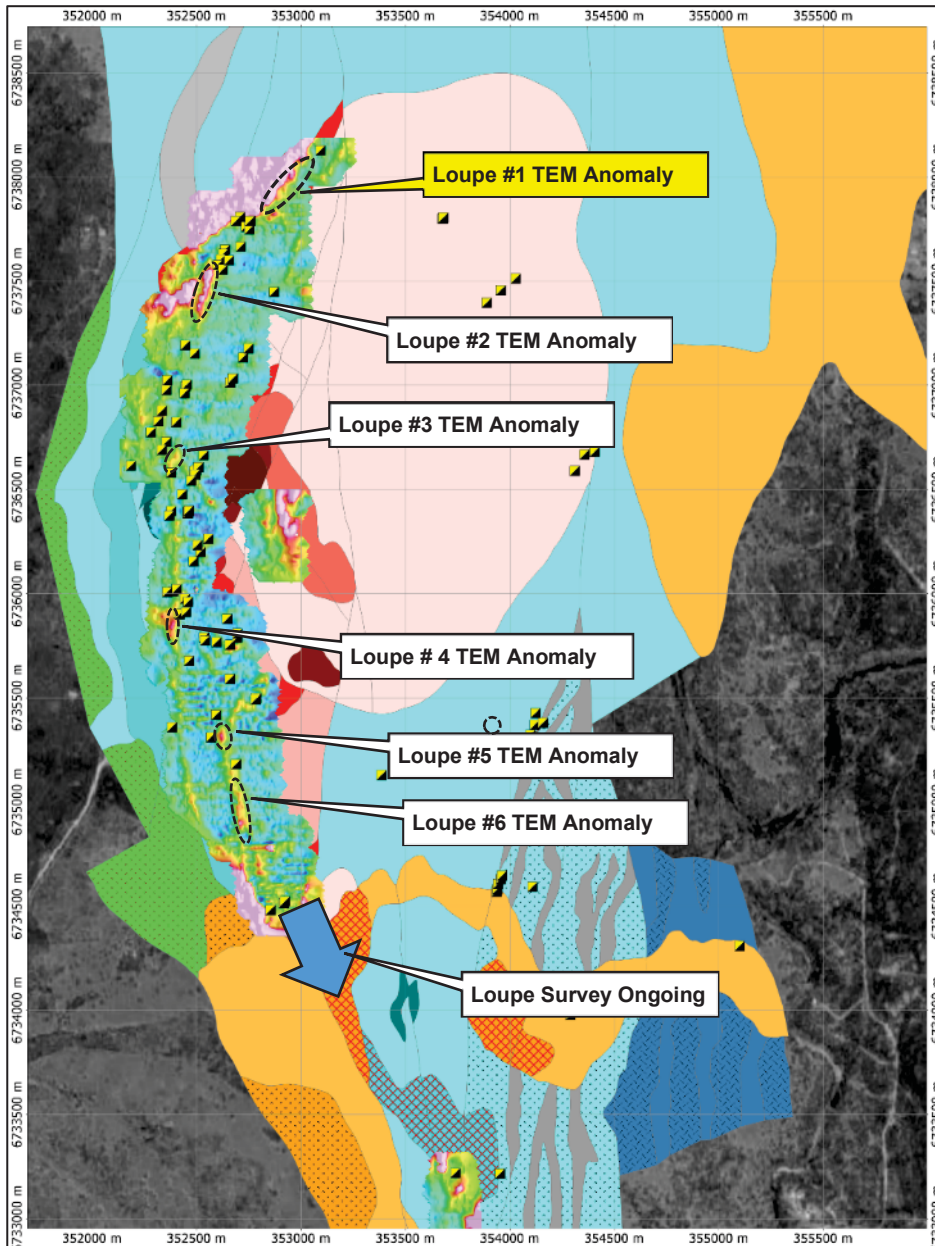
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Extensive multi-discipline geophysical work has also been carried out by LDR over the main known mineralisation corridor which is essentially the western contact of Webb's Consol leucogranite. This includes an ongoing Loupe TEM (Time Domain Electromagnetic) survey which has revealed multiple new targets in addition to high grade silver-base metal lodes discovered to date through drilling.

The Loupe Survey being undertaken is on a tight 20m line spacing. Loupe is a ground-based time-domain electromagnetic system designed to give high quality, high spatial resolution data near surface. Multiple conductive anomalies have been identified, potentially representing metal bearing sulphides and many are in areas with no historical mining and often with extensive cover. These new targets have been prioritised and are being methodical followed-up with geochemical work which is well underway.

**REVIEW OF OPERATIONS
FOR THE YEAR ENDED 30 JUNE 2023**

Figure 3. High Resolution Loupe Survey (TEM CH1-X)



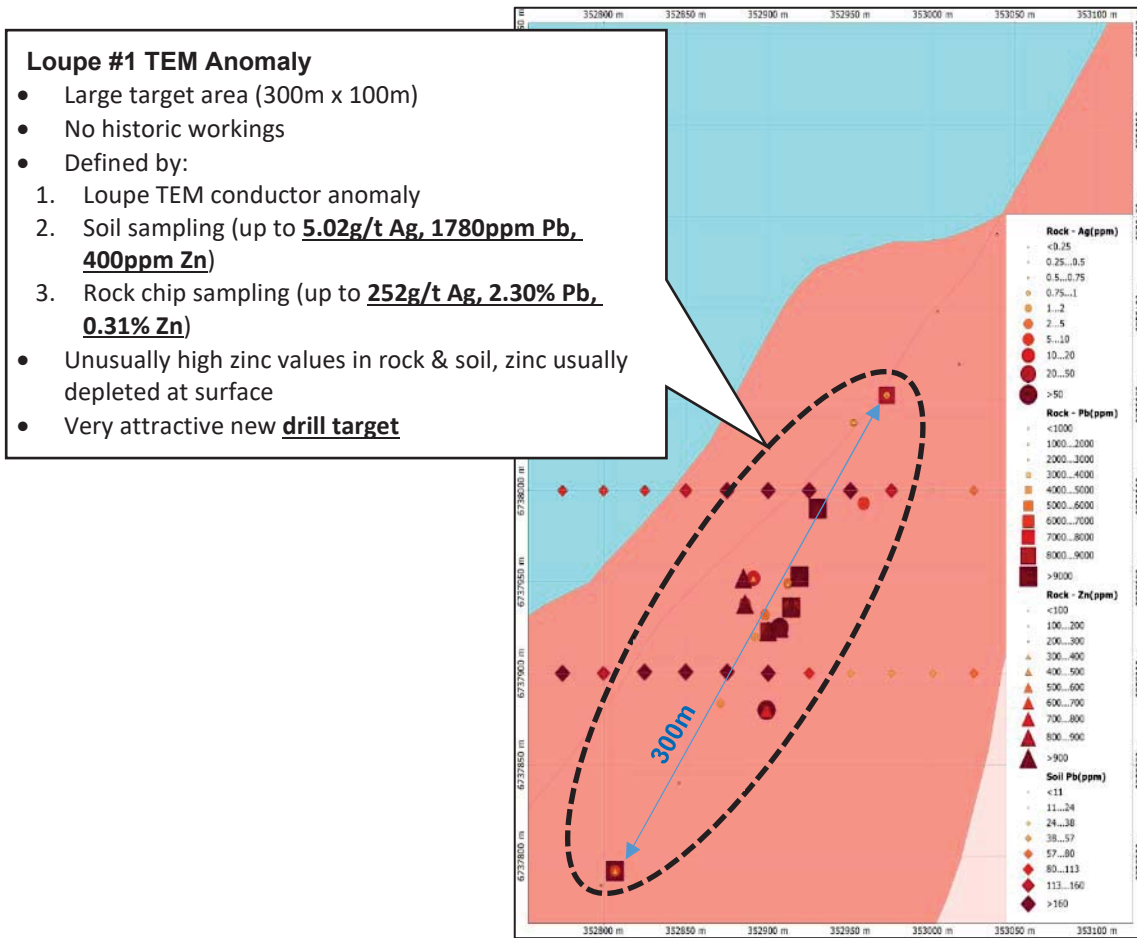
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Initial geochemistry work carried out on one such conductive anomaly (Loupe #1 TEM Anomaly) has discovered **highly elevated metal values both in soils and outcrop over a 300m x 100m area**. Soil sampling has returned assay values up to **5.02g/t Ag, 1,780ppm Pb, 400ppm Zn**. Rock chip sampling has returned values up to **252g/t Ag, 2.30% Pb, 0.31% Zn**. Note that grab sampling is a selective technique and grades are not necessarily reflective of the underlying mineralised occurrence. Mineralisation at surface is often depleted or enriched depending on chemical weathering process. One interesting characteristic of this new discovery target is that the soil and rock chip sample results are highly anomalous in zinc values. This is unusual considering zinc is almost always highly depleted at surface due to the strong mobility of zinc during chemical weathering.

These high-grade geochemical results are highly encouraging and the highest-grade zones will be tested by initial scout drilling as part of a wider drill programme. Given the success of this initial follow-up geochemistry, several other conductive anomalies have been prioritised for similar testing via soil and rock sampling.

REVIEW OF OPERATIONS
FOR THE YEAR ENDED 30 JUNE 2023

Figure 4. Webbs Consol Far North Prospect (Loupe #1 TEM Anomaly)



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Table 2. Prospect Target Development Sequence

	Drill Target Development											
	Tangoa West	Main Shaft	Mt Galena	Castle-reagh	Copy Cat	Lucky Lucy Nth	Loupe #1	Loupe #2	Loupe #3	Loupe #4	Loupe #5	Loupe #6
Resources Drilling												
Definition Drilling	↑											
Extension Drilling	↑	↑	↑	↑	↑	↑						
Scout Drilling	✓	✓	✓	✓	✓	✓	↑					
Rock Geochemistry	✓	✓	✓	✓	✓	✓	✓	↑	↑	↑	↑	↑
Soil/Regolith Geochemistry	Outcropping Mineralisation/Workings						✓	↑	↑	↑	↑	↑
Geophysics - Loupe							✓	✓	✓	✓	✓	✓

REVIEW OF OPERATIONS FOR THE YEAR ENDED 30 JUNE 2023

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.

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 26 July 2023 and market announcements dated 10 August 2023 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.

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**CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023**

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 2023 corporate governance statement is dated 22 September 2023 and reflects the corporate governance practices throughout the 2023 financial year. The board approved the 2023 corporate governance on 22 September 2023. 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>.

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**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

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 2023.

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	18,392,858 ordinary shares and 71,429 unlisted options
Director since	18 November 2019
Ted Leschke	Managing Director
Experience	With more than 30 years experience in the resources industry including Managing Director of ASX listed resource companies 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 and funds management as well as a geologist in the mining industry.
Interest in Shares and Options	17,643,858 ordinary shares and 71,429 unlisted options
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 Partner at Global Resource Industry Personal and formerly GM of Australian Garnet a subsidiary of ASX listed Resource Development Group and COO at ASX listed KGL Resources that is undertaking exploration and development of the large Jervis 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	371,429 ordinary shares and 785,714 unlisted options
Director since	10 March 2020

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**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

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 750,000 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, 1 meeting of directors was held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Andrew Van Heyst	1	1
Edward Leschke	1	1
Keith Mayes	1	1
Jason Beckton	1	1

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**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

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	18,392,858	71,429	\$0.24 at any time up to 2 December 2024
Edward Leschke	17,643,858	71,429	\$0.24 at any time up to 2 December 2024
Keith Mayes	371,429	500,000	\$0.30 at any time up to 2 July 2023
	-	(1) 250,000	\$0.24 at any time up to 2 December 2024
	-	35,714	\$0.24 at any time up to 2 December 2024
Jason Beckton	200,000	500,000	\$0.30 at any time up to 2 July 2023
Jason Beckton	-	(1) 250,000	\$0.24 at any time up to 2 December 2024

(1) During the year ended 30 June 2023, 500,000 unlisted options were granted as compensation to directors of the Company (2022: nil 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	Vesting	Options	Exercise Price
25 August 2022	25 August 2024	Immediately	8,330,500	\$0.24
2 December 2022	2 December 2024	Immediately	1,428,572	\$0.24
14 February 2023	14 February 2025	Immediately	2,500,000	\$0.40
14 February 2023	25 August 2024	Immediately	4,933,333	\$0.24

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 2023, the Company has not issued ordinary shares as a result of the exercise of options (2022: nil). Since the end of the financial year, the Company has not issued ordinary shares as a result of the exercise of options.

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DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2023

Principal activities

The principal activities of Lode Resources Ltd during the financial year were the initial drilling camping at its tenements of Webbs 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 \$1,115,531 (2022: \$970,510), after providing for income tax.

Review of operations

A review of the Company's operations for the year ended 30 June 2023 is set out on pages 1 to 7 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 2023 were as follows:

- 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 7 September 2022, Lode Resources Ltd was granted Exploration Licence EL 9454 Webbs Consol Expanded.
- 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. The options have an exercise price of \$0.24 expiring on 2 December 2024 and vesting immediately.
- On 6 February 2023, the Company announced a placement to institutional investors and raise \$4,440,000 before costs by the issuing of 14,800,000 shares at an issue price of \$0.30. 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 with an exercise price of \$0.24 and expiring on 25 August 2024.
- On 14 February 2023, The Company issued to the lead manager of the placement 2,500,000 unlisted options with an exercise price of \$0.40 and expiring on 14 February 2025.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2023

Events after the reporting date

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 2024 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.

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 2023 was \$3,069,537. Exploration and evaluation cash expenditure was \$1,873,629. Approximately 97% of this expenditure was spent on exploration activities at the Webbs Consol Silver Project and the remainder primarily split among the other licences.

Activities included mapping, rock and soil sampling, geophysics and pre-drilling preparations, and significant drilling. No expenditure was incurred during the year on mining production and development activities.

Used of funds	Prospectus Year 2 Budget \$	12 Months Actuals to 30 June 2023 \$
Webbs Consol (EL8933)	321,600	1,814,800
Uralla (EL8980 and EL9087)	322,400	19,396
Fender (EL9003)	321,600	7,077
Elsinore (EL9004)	28,400	4,387
Tea Tree (EL9084)	20,000	3,907
Thor (EL9085)	20,000	6,712
Sandon (EL9319)	-	17,349
Miscellaneous	228,800	-
Contingency 15%	189,400	-
Total	1,452,200	1,873,628

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2023

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 2023, 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.

	2023	2022	2021
	\$	\$	\$
Net loss attributable to equity holders of the parent	1,115,531	970,510	574,934
Dividends paid	-	-	-
Change in share price	0.005	(0.02)	-

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 2023

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 \$	Sharebased Payment \$	Short Term Benefit \$	Total \$
Executive Directors						
Andrew Van Heyst	2023	181,250	19,031	-	4,885	205,166
	2022	125,000	12,500	-	9,652	147,152
Edward Leschke	2023	218,750	22,969	-	25,752	267,471
	2022	200,000	20,000	-	15,444	235,444
Non-Executive Directors						
Jason Beckton	2023	50,000	-	13,500	-	63,500
	2022	50,000	-	-	-	50,000
Keith Mayes	2023	50,000	-	13,500	-	63,500
	2022	50,000	-	-	-	50,000
Total all directors	2023	500,000	42,000	27,000	30,637	599,637
	2022	425,000	32,500	-	25,096	482,596

Executive Directors

During the financial year ended 30 June 2023, Andrew Van Heyst and Edward Leschke were considered Executive Directors. Their remuneration for the year ended 30 June 2023 comprised of fixed remuneration, free of performance conditions, plus 10.5% 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 2023, 500,000 unlisted options were issued to directors of the Company or Key Management personnel (2022: nil). Refer below for the options granted during the financial year ended 30 June 2023 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	21 October 2022	⁽²⁾ 250,000	\$0.054	\$13,500	\$0.24 at any time to 2 December 2024
	31 March 2021	⁽¹⁾ 500,000	\$0.085	\$42,500	\$0.30 at any time to 2 July 2023
Keith Mayes	21 October 2022	⁽²⁾ 250,000	\$0.054	\$13,500	\$0.24 at any time to 2 December 2024
	31 March 2021	⁽¹⁾ 500,000	\$0.085	\$42,500	\$0.30 at any time to 2 July 2023

⁽¹⁾ 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.

⁽²⁾ The fair value of the 500,000 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 \$0.125, a volatility factor of 106.15%, a risk-free rate of 3.62% based on the 2-year government bond rate, and no dividends paid.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2023

REMUNERATION REPORT - Audited (Con't)

During the year no options lapsed (2022: nil) and no options held by key management personnel were exercised during the 2023 or 2022 financial years.

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 2023 and 2022 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 2023 and 2022 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
	250,000	21 October 2022	100%	-	250,000	30 June 2023
Keith Mayes	500,000	31 March 2021	100%	-	500,000	30 June 2021
	250,000	21 October 2022	100%	-	250,000	30 June 2023

The number of options that had vested at 30 June 2023 is 500,000 (2022 – nil). 500,000 options were granted as remuneration during the year (2022: nil). 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 2023

Directors	Held at 1 July 2022	Granted/ Purchased	Exercised / Sold	Expired	Held at 30 June 2023	Vested and exercisable at 30 June 2023
Andrew Van Heyst	-	71,429	-	-	71,429	71,429
Edward Leschke	-	71,429	-	-	71,429	71,429
Jason Beckton	500,000	250,000	-	-	750,000	750,000
Keith Mayes	500,000	285,714	-	-	785,714	785,714

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

REMUNERATION REPORT - Audited (Con't)

Loans to key management personnel and their related parties

There were no loans made to key management personnel or their related parties during the 2023 and 2022 financial years and no amounts were outstanding at 30 June 2023 (2022 - \$nil).

Other transactions with key management personnel

There were no other transactions with key management personnel or their related parties during 2023.

At 30 June 2023, the amount outstanding for salaries, superannuation and directors' fees were \$nil (2022: \$nil).

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 2022	Purchases	Sales	Other	Held at 30 June 2023
Andrew Van Heyst	21,250,001	142,857	-	-	21,392,858
Edward Leschke	20,750,001	142,857	-	-	20,892,858
Jason Beckton	200,000	-	-	-	200,000
Keith Mayes	300,000	71,429	-	-	371,429

Non-Executive Directors

During the financial year ended 30 June 2023, 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.

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**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

NON-AUDIT SERVICES

During the years ended 30 June 2023 and 30 June 2022, PKF, the Company's auditor, did not perform other services in addition to the audit and review of the financial statements.

Lead Auditor's Independence Declaration

The Lead Auditor's Independence Declaration is set out on page 19 and forms part of the Directors' Report for the financial year ended 30 June 2023.

Signed at Sydney this 22nd day of September 2023
in accordance with a resolution of the Board of Directors:



**Andrew M. Van Heyst
Executive Chairman**



**Edward J. Leschke
Managing Director**

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Firm Name

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pkf.com.au

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 2023 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

PKF

STobutt

SCOTT TOBUTT
PARTNER

22 SEPTEMBER 2023
SYDNEY, NSW

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023**

	Notes	30 June 2023 \$	30 June 2022 \$
CONTINUING OPERATIONS			
Other income		-	-
Expenses			
Administration and consultants' expenses		(223,272)	(181,820)
Employee, directors and consultants costs		(616,436)	(552,190)
Amortisation and depreciation		(31,228)	(36,215)
Legal and professional expenses		(17,874)	(4,732)
Travel expenses		(39,976)	(7,798)
Other expenses	5	(263,013)	(184,826)
Operating loss before financing income and expense		(1,191,799)	(967,581)
Interest income	6	77,345	425
Interest expense	6	(1,077)	(3,354)
Net finance expense		76,268	(2,929)
Loss before income tax		(1,115,531)	(970,510)
Income tax benefit/(expense)	4	-	-
Loss for the period		(1,115,531)	(970,510)
Other comprehensive income for the period		-	-
Total comprehensive loss for the period		(1,115,531)	(970,510)
Earnings per share			
Basic and diluted loss per share	16	(0.0116)	(0.0121)

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

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**STATEMENT OF FINANCIAL POSITION
 FOR THE YEAR ENDED 30 JUNE 2023**

	Notes	30 June 2023	30 June 2022
		\$	\$
Current assets			
Cash and cash equivalents	7	4,845,931	2,181,010
Trade and other receivables	8	93,126	79,706
Other assets		3,899	3,904
Total current assets		4,942,956	2,264,620
Non-current assets			
Other financial assets	9	395,563	166,028
Property, plant and equipment	10	2,602	33,830
Exploration and evaluation assets	11	4,172,070	2,159,105
Total non-current assets		4,570,235	2,358,963
Total assets		9,513,191	4,623,583
Current liabilities			
Trade and other payables	12	571,214	376,045
Employee entitlements	12	42,876	33,690
Lease liability	13	2,299	32,810
Total current liabilities		616,389	442,545
Non-current liabilities			
Lease liability	13	-	2,299
Total non-current liabilities		-	2,299
Total liabilities		616,389	444,844
Net assets		8,896,802	4,178,739
Equity			
Issued capital	14	9,113,475	5,611,514
Reserves	15	2,466,633	135,000
Accumulated losses		(2,683,306)	(1,567,775)
Total equity		8,896,802	4,178,739

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

**STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 30 JUNE 2023**

	Issued capital	Option premium reserve	Accumulated losses	Total
	\$	\$	\$	\$
Balance at 1 July 2021	5,611,514	85,000	(597,265)	5,099,249
Loss for the year	-	-	(970,510)	(970,510)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(970,510)	(970,510)
Transactions with owners recorded directly in equity				
Share base payments	-	50,000	-	50,000
Balance at 30 June 2022	5,611,514	135,000	(1,567,775)	4,178,739
Balance at 1 July 2022	5,611,514	135,000	(1,567,775)	4,178,739
Loss for the year	-	-	(1,115,531)	(1,115,531)
Total other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(1,115,531)	(1,115,531)
Transactions with owners recorded directly in equity				
Ordinary shares issued	4,688,657	1,433,883	-	6,122,540
Transaction costs on issue of shares	(1,186,696)	-	-	(1,186,696)
Share base payments	-	897,750	-	897,750
Balance at 30 June 2023	9,113,475	2,466,633	(2,683,306)	8,896,802

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

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**STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 30 JUNE 2023**

	Notes	30 June 2023 \$	30 June 2022 \$
Cash flows from operating activities			
Cash payments in the course of operations		(1,043,718)	(799,513)
Interest received		77,345	425
Net cash used in operating activities	17	(966,373)	(799,088)
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		(1,873,629)	(1,561,642)
Payments for security deposits		(229,535)	(67,228)
Payment for plant and equipment		-	(40,308)
Net cash used in investing activities		(2,103,164)	(1,669,178)
Cash flows from financing activities			
Proceeds from share issues		6,122,541	-
Transaction costs on share issue		(354,196)	(59,164)
Lease payments		(33,887)	(30,699)
Net cash provided / (used in) by financing activities		5,734,458	(89,863)
Net increase / (decrease) in cash held		2,664,921	(2,558,129)
Cash at the beginning of the reporting period		2,181,010	4,739,139
Cash and cash equivalents at 30 June		4,845,931	2,189,010

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

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NOTES TO THE FINANCIAL STATEMENTS

30 June 2023

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 2023. 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 22 September 2023.

(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.
- Note 14 – Valuation of share based payments.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023

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 2023

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 2023

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 2023

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 2023

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 2023

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 accounting policies used are consistent with those applied in the 30 June 2022 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 2023.

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 2023

4. INCOME TAX EXPENSE

	2023	2022
	\$	\$
(a) Reconciliation of income tax accounting profit:		
Prima Facie tax payable on profit from ordinary activities before income tax at 25% (2022: 25%)	(278,883)	(242,627)
Add tax effect off:		
- origination and reversal of temporary differences	2,739	554
- non-deductible expenses	21,144	2,853
- deferred tax assets not recognised	255,000	239,220
Income tax expense	<u>-</u>	<u>-</u>

At 30 June 2023, the Company had unrecognised unused tax losses of \$6,894,872 (2022: 3,617,977).

5. LOSS FROM OPERATING ACTIVITIES

The following items are relevant in explaining the financial performance for the year ended 30 June 2023

	2023	2022
	\$	\$
Other Expenses		
Accounting fees	40,017	41,743
Marketing	73,509	71,204
IT expenses	12,180	10,416
Insurance	37,539	32,947
Other	99,768	28,516
Total	<u>263,013</u>	<u>184,826</u>

6. FINANCE INCOME AND FINANCE COSTS

Recognised in profit and loss

Interest income on cash deposits	77,345	425
Finance costs	(1,077)	(3,354)
Net finance income/(costs) recognised in profit and loss	<u>76,268</u>	<u>2,929</u>

7. CASH AND CASH EQUIVALENTS

Cash at bank	790,407	30,649
Deposit at call	4,055,524	2,150,361
	<u>4,845,931</u>	<u>2,181,010</u>

8. TRADE AND OTHER RECEIVABLES

Current		
GST receivable	93,126	79,706
	<u>93,126</u>	<u>79,706</u>

9. OTHER FINANCIAL ASSETS

Non-current		
Security deposits	245,528	166,028
Net smelter royalty EL5674	150,035	-
	<u>395,563</u>	<u>166,028</u>

NOTES TO THE FINANCIAL STATEMENTS
30 June 2023

10. PROPERTY PLANT AND EQUIPMENT

	2023	2022
	\$	\$
Motor vehicles - at cost	32,718	32,718
Accumulated depreciation	(32,718)	(32,718)
Total motor vehicles	<u>-</u>	<u>-</u>
Office furniture – at costs	7,890	7,890
Accumulated depreciation	(7,890)	(7,890)
Total motor vehicles	<u>-</u>	<u>-</u>
Right of use assets – leased property – at cost	62,455	62,455
Accumulated depreciation	(59,853)	(28,625)
Total right of use assets – leased property	<u>2,602</u>	<u>33,830</u>
Total property plant and equipment	<u>2,602</u>	<u>33,830</u>

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

	2023	2022
	\$	\$
Right of use assets		
Balance at 1 July	33,830	-
Additions	-	62,455
Depreciation	(31,228)	(28,625)
Carrying amount at the end of the financial year	<u>2,602</u>	<u>33,830</u>
Total carrying amount at the end of the financial year	<u>2,602</u>	<u>33,830</u>

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NOTES TO THE FINANCIAL STATEMENTS
30 June 2023

11. EXPLORATION AND EVALUATION EXPENDITURE

	2023	2022
	\$	\$
EL 8933 Webbs Consol	2,942,350	1,000,913
EL 8980 Uralla	824,424	808,815
EL 9003 Fender	281,857	268,430
EL 9004 Elsinore	21,556	17,169
EL 9084 Tea Tree	16,303	12,396
EL 9085 Thor Gold	32,113	25,401
EL 9319 Sandon	36,419	12,720
EL 9087 Uralla West	17,048	13,261
Net book value	4,172,070	2,159,105
	<hr/>	<hr/>
Balance at 1 July	2,159,105	332,834
Expenditure incurred	2,012,965	1,826,271
Net book value	4,172,070	2,159,105
	<hr/> <hr/>	<hr/> <hr/>

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 2023, Lode was granted Exploration Licence EL 9454 Webbs Consol Expanded.

12. TRADE AND OTHER PAYABLES

CURRENT

Trade payables	447,326	293,195
Sundry payables and accrued expenses	52,832	27,448
Related party payables	7,713	8,163
Other payables	63,343	47,239
	571,214	376,045
	<hr/>	<hr/>

CURRENT

Employee benefits	42,876	33,690
	42,876	33,690
	<hr/> <hr/>	<hr/> <hr/>

13. LEASE LIABILITY

Current

Lease liability	2,299	32,810
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Non-current

Lease liability	-	2,299
	2,299	35,109
	<hr/> <hr/>	<hr/> <hr/>

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NOTES TO THE FINANCIAL STATEMENTS
30 June 2023

14. ISSUED CAPITAL

(a) Issued and paid-up share capital

	30 June 2023		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 ⁽¹⁾	11,661,000	1,419,657	-	-
Issued ordinary shares 2 December 2022 for \$0.14	357,143	50,000	-	-
Issued ordinary shares 14 February 2023 for \$0.30 ⁽²⁾	14,800,000	3,219,000	-	-
Less cost of issue	-	(1,186,696)	-	-
	106,784,145	9,113,475	79,966,002	5,611,514

(1) In August 2022, the Company issued 11,661,000 ordinary shares and 5,830,500 listed options for cash totaling \$1,632,540 under a share placement and 2,500,000 listed options to the lead manager of the placement. The listed options are each exercisable at \$0.24 to acquire one fully paid ordinary share exercisable at any time up to 25 August 2024.

(2) In February 2023, the Company issued 14,800,000 ordinary shares and 4,933,333 listed options for cash totaling \$4,440,000 under a share placement. The listed options are each exercisable at \$0.24 to acquire one fully paid ordinary share exercisable at any time up to 25 August 2024.

Terms and conditions - Shares

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

The following unlisted options were on issue at 30 June 2023:

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, expire on 14 July 2023 and the fair value of the options 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 8 December 2022, the Company granted 500,000 unlisted options to the Exploration Manager and 250,000 unlisted options to the Company Secretary. The options have an exercise price of \$0.24, vest immediately, expire on 2 December 2024 and the fair value of the options 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 2 February 2023, the Company granted 2,500,000 unlisted options to the Lead Manager of the Share Placement announced on 6 February 2023. The options have an exercise price of \$0.40, vest immediately, expire on 14 February 2025 and the fair value of the options was \$570,000. The Black-Scholes formula model inputs were the Company's share price of \$0.335 at the grant date, a volatility factor of 144.64% based on historical share price performance, and a risk-free interest rate of 3.13% based on the 3-year government bond rate.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2023

14. ISSUED CAPITAL (Cont.)

The following unlisted options were on issue as at 30 June 2023.

Opening Balance 1 July 2022	Exercise price	Granted during the year	Expired during the year	Exercised during the year	Closing Balance 30 June 2023
Number	\$	Number	Number	Number	Number
500,000	0.30	-	-	-	500,000
	0.24	750,000	-	-	750,000
	0.40	2,500,000	-	-	2,500,000

The following unlisted options held by Key management personnel were on issue at 30 June 2023.

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

On 21 October 2022, the Company granted 500,000 unlisted options to Keith Mayes and Jason Beckton Non-Executive Directors. The options have an exercise price of \$0.24, vest immediately, expire on 2 December 2024 and the fair value of the options 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.

The terms and conditions of the unlisted options held by key management personnel during the year ended 30 June 2023 are as follows:

Opening Balance 1 July 2022	Exercise price	Granted during the year	Expired during the year	Exercised during the year	Closing Balance 30 June 2023
Number	\$	Number	Number	Number	Number
1,000,000	0.30	-	-	-	1,000,000
	0.24	500,000	-	-	500,000

The following unlisted options were on issue as at 30 June 2023:

Opening Balance 1 July 2022	Exercise Price	Granted during the year	Expired during the year	Exercised during the year	Closing Balance 30 June 2023
Number	\$	Number	Number	Number	Number
1,000,000	0.30	-	-	-	1,000,000
500,000	0.30	-	-	-	500,000
-	0.24	750,000	-	-	750,000
-	0.40	2,500,000	-	-	2,500,000
-	0.24	500,000	-	-	500,000

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

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

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NOTES TO THE FINANCIAL STATEMENTS
30 June 2023

15. RESERVES

	2023 \$	2022 \$
Equity based compensation reserve	1,032,750	135,000
Option premium reserve	1,433,883	-
	<u>2,466,633</u>	<u>135,000</u>

Movement during the period

Equity based compensation reserve

Balance at the beginning of the year	135,000	85,000
Share based payment – vested share options	897,750	50,000
Balance at the end of year	<u>1,032,750</u>	<u>135,000</u>

Option premium reserve

Balance at the beginning of the year	-	-
Issue of options	1,433,883	-
Balance at the end of year	<u>1,433,883</u>	<u>-</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>(1,115,531)</u>	<u>(970,510)</u>
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Weighted average number of ordinary shares (basic and diluted)

Issued ordinary shares at beginning of year	79,966,002	79,966,002
Effect of shares issued (Note 14)	15,891,035	-
Weighted average ordinary shares at the end of the year	<u>95,857,037</u>	<u>79,966,002</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 2023

17. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	2023 \$	2022 \$
Cash flows from operating activities		
Loss for the year	(1,115,531)	(970,510)
Non-cash items		
Depreciation / amortisation	31,228	64,955
Share based payments	65,250	50,000
Employee entitlements	9,186	33,690
Other expenses	29,007	14,682
Changes in assets and liabilities		
Decrease/(increase) in receivables	13,934	(38,830)
Decrease/(increase) in other assets	(13,415)	(335)
(Decrease)/Increase in payables	13,968	47,260
Net cash used in operating activities	(966,373)	(799,088)

18. CONTINGENCIES

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2023 (2022: 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.

Project Name	Licence	Expiry date	2024 \$	2025 \$	2026 \$	2027 \$	2028 \$	2029 \$
Webbs Consol	EL8933	16 January 2029	100,000	100,000	100,000	100,000	100,000	54,795
Uralla	EL8980	14 May 2027	150,000	150,000	150,000	130,685	-	-
Fender	EL9003	12 October 2023	18,521	-	-	-	-	-
Elsinore	EL9004	12 October 2023	12,822	-	-	-	-	-
Tea Tree	EL9084	11 March 2024	34,932	-	-	-	-	-
Thor	EL9085	11 March 2024	45,411	-	-	-	-	-
Uralla West	EL9087	12 March 2024	17,534	-	-	-	-	-
Sandon	EL9319	29 October 2024	66,666	22,100	-	-	-	-
Webbs Consol Expanded	EL9454	7 September 2025	25,000	25,000	4,726	-	-	-
Total			470,886	297,100	254,726	230,685	100,000	54,795

NOTES TO THE FINANCIAL STATEMENTS
30 June 2023

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 2023.

Key management personnel and director transactions

During the year ended 30 June 2023 and 2022, 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.

	2023	2022
	\$	\$
Key management personnel compensation		
Primary fees/salary	500,000	425,000
Superannuation	42,000	32,500
Share based payment	27,000	-
Short term benefits	30,637	25,096
	<u>599,637</u>	<u>482,596</u>

21. SHARE BASE PAYMENT

At 30 June 2023 Lode Resources Ltd has the following share-based payment schemes:

During the year the Company has granted 500,000 unlisted options to key management personnel to acquire options over unissued ordinary shares in the Company (2022 – nil). 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 2023 are as follows:

Grant date	Expiry date	Exercise price	Start of the year	Granted during the year	Exercise d 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
21 October 2022	2 December 2024	\$0.24	-	500,000	-	-	500,000	500,000

The weighted average remaining contractual life of options outstanding at year end was 0.48 years (2022: 1.01). The weighted average exercise price of outstanding shares at the end of the reporting period was \$0.28.

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 2023

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 instruments used by the Company are summarised as follows:

	2023	2022
	\$	\$
Financial assets		
Held at amortised cost		
Cash and cash equivalents	4,845,931	2,181,010
Security deposits	245,528	166,028
Total financial assets	5,091,459	2,347,038
Financial liabilities		
Financial liabilities at amortised cost	553,046	397,605
Total financial liabilities	553,046	397,605

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 2023

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 2023, 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 \$42,000 (2022: \$33,500).

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:

	2023	2022
	\$	\$
Audit services	41,803	30,285
	41,803	30,285

25. IMPUTATION CREDITS

Imputation credits of \$nil were available for distribution at 30 June 2023 (2022: \$nil).

26. SUBSEQUENT EVENTS

No 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 2023

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

- (a) the financial statements and notes set out on pages 20 to 40, and the Remuneration Report as set out on pages 14 to 17 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 2023 and of its performance for the 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 2023.

The Director's 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 22nd day of September 2023
in accordance with a resolution of the Board of Directors:



Andrew Van Heyst
Executive Chairman



Edward Leschke
Managing Director

**Firm Name**

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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 2023, 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 2023 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.

Key Audit Matters (cont'd)

1. Carrying value of capitalised exploration expenditure

Why significant

As at 30 June 2023 the carrying value of exploration and evaluation assets was \$4,172,070 as disclosed in Note 11.

The Company's accounting policy in respect of exploration and evaluation expenditure is outlined in Note 3(c).

We have considered this to be a key audit matter due to its nature and significance.

How our audit addressed the key audit matter

Our work included, but was not limited to, the following procedures:

- 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 2024 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, Corporate Governance Statement, Director's report, 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.

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

- 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.

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 2023.

In our opinion, the Remuneration Report of Lode Resources Ltd for the year ended 30 June 2023, 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.

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SCOTT TOBUTT
PARTNER

22 SEPTEMBER 2023
SYDNEY, NSW

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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 August 2023.

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	21,392,858
Edward Leschke	20,892,858
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 August 2023 was as follows:

Type of security	Number of holders	Number of securities
Ordinary shares	837	106,784,145
Options	128	17,192,405

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	31	3
1,001 - 5,000	153	6
5,001 - 10,000	168	11
10,001 - 100,000	364	68
100,001 and over	121	40
Total	837	128

ON MARKET BUY BACK

There is no on market buy-back.

ADDITIONAL STOCK EXCHANGE INFORMATION

ESCROWED SECURITIES

As at 31 August 2023, there were escrowed securities.

LESS THAN MARKETABLE PARCELS

On 31 August 2023, there are 123 holders of less than a marketable of 3,846 ordinary shares.

TWENTY LARGEST SHAREHOLDERS

As at 31 August 2023, the twenty largest quoted shareholders held 62.55% of the fully paid ordinary shares as follows:

N°	Name	Ordinary Shares	
		Quantity	%
1	A M Van Heyst Superannuation <A Van Heyst Private S/F A/C>	20,892,858	19.57
2	Augusta Enterprises Pty Ltd <Augusta Enterprises A/C>	20,750,001	19.43
3	One Management Investment Funds Limited <TI Growth A/C>	3,450,570	3.23
4	Ashabia Pty Ltd C/-Praemium S2 (S60189-Mjw)	2,598,743	2.43
5	Kenneth William Gibson & Janice Elizabeth Gibson <K&J Gibson Super Fund A/C>	2,500,000	2.34
6	Spiceme Capital Pty Ltd	1,500,000	1.40
7	HSBC Custody Nominees (Australia) Limited – A/C 2	1,318,403	1.23
8	Leigh David Kalazich	1,300,086	1.22
9	Williams Northwood Pty Ltd <William Super Fund A/C>	1,250,000	1.17
10	Matthew James Osborne	1,210,000	1.13
11	MCJP Darling Enterprise Pty Ltd <Taldar SMSF A/C>	1,182,779	1.11
12	EI Aliya Pty Ltd	1,150,000	1.08
13	BNP Paribas Nominees Pty Ltd <IB AU Noms Retailclient Drp>	1,050,895	0.98
14	One Management Investment Funds Limited <TI Absolute Return A/C>	1,000,000	0.94
15	Downardella Pty Ltd <Rodgers Super Fund A/C>	1,000,000	0.94
16	Lonway Pty Limited Lonergan Edwards & Associates	1,000,000	0.94
17	Pasagean Pty Limitedc/-Praemium S2 (S94772-Tcj)	1,000,000	0.94
18	Edna Securities Pty Ltd <Warren Gelfand Psf A/C> C/- Praemium-1927-390908	940,000	0.88
19	Karthikeyan Kumaran Vadivelu	900,000	0.84
20	Station Capital Pty Ltd	800,000	0.75

TWENTY LARGEST OPTIONOLDERS

As at 31 August 2023, there are optionholder that held 20% or more of the options on issued.

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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
Webbs Consol Expanded	NSW	EL9454	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

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