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LODE RESOURCES LTD

ABN 30 637 512 415

**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2023**

Corporate Directory

| | | |
|--|---|---|
| Directors | Andrew Van Heyst Edward Leschke Keith Mayes Jason Beckton | Executive Chairman Managing Director Non-Executive Director Non-Executive Director |
| Company Secretary | Marcelo Mora | |
| Principal Place of Business and Registered Office | ESN Partners 'Australia Square' Level 5, 1 Margaret Street Sydney NSW 2000 Australia | |
| | Telephone: | (61 2) 9008 1381 |
| | Web site: | www.loderesources.com |
| Share Registry | Advanced Share Registry Limited 110 Stirling Highway Nedlands, Western Australia 6009 | |
| | Telephone: | (61 8) 9389 8033 |
| | Facsimile: | (61 8) 9262 3723 |
| Auditors | PKF (NS) Audit and Assurance Limited Partnership Level 8 1 O'Connell Street Sydney NSW 2000 | |
| Solicitors | Thomson Geer Level 14 60 Martin Place Sydney NSW 2000 | |
| Stock Exchange Listings | Australian Securities Exchange | (Code – LDR) |

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LODE RESOURCES LTD

DIRECTORS' REPORT

The Directors of Lode Resources Ltd ('Lode' or the 'Company') present their report together with the condensed interim financial report and the auditor's review report thereon for the half year ended 31 December 2023.

Directors

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

Andrew Mark Van Heyst, Executive Chairman

Director since 18 November 2019.

With more than 30 years' experience in Institutional Equities and Advisory. Has worked at Merrill Lynch in New York as Head of Australian Sales and for ABN AMRO as Head of Australian Sales and Head of Americas Client Account Management for Global Equity Product. In 2005 Andrew moved back to Australia joining Shaw and Partners as a Corporate Advisor focussing on Small Cap resources and prior to Lode listing was Executive Director at Bridge Street Capital Partners.

Edward Jan Leschke, Managing Director

Director since 18 November 2019

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

With more than 30 years' experience in the resources industry including Managing Director of ASX listed resource companies from startup project development covering areas such as project identification, acquisition and generation, geological mapping, exploration drilling, local community and government liaison, financial management, strategy, fund raisings, ASX listing and statutory reporting. Previously worked as a resource analyst in stockbroking and funds management as well as a geologist in the mining industry.

Keith Anthony Mayes, Non-Executive Director

Director since 10 March 2020

With more than 30 years' experience in the resource sector in exploration, business development, operational and financial roles with major mining companies including North Ltd, Newmont, Rio Tinto and Oxiana in Australia, Europe, Middle East and Africa. Keith is currently Partner at Global Resource Industry Personnel 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 Jervois copper/silver/gold project in central Australia and COO at Altura Mining Ltd where he discovered the world class Pilgangoora lithium deposit.

Jason Michael Beckton, Non-Executive Director

Director since 29 September 2020

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

With more than 25 years of geological corporate experience in Australia, North and South America and China. Was Project Manager for Bolnisi Gold NL's Palmarejo 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 Chile. He is a director of PRS:ASX Prospech Ltd and works in Corporate Advisory for Baker Young Stockbrokers Ltd.

LODE RESOURCES LTD

DIRECTORS' REPORT

Review of Operations

Corporate Activities

On 6 December 2023, following shareholders' approval at the Company's Annual General Meeting. The Company issued 500,000 unlisted options to the Non-executive Directors and 500,000 unlisted options to the Exploration Manager the options have an exercise price of \$0.24 and expiring on 6 December 2025 and vesting immediately.

Financial position and performance

The Company recognised a loss for the half-year period ended 31 December 2023 of \$589,903 (31 December 2022: loss of \$855,002). The net assets of the Company at 31 December 2023 were \$8,361,899 (30 June 2023: \$8,896,802) including cash of \$3,228,170 (30 June 2023: \$4,845,931).

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

Exploration Activities

Exploration activities for the half-year ended 31 December 2023 primarily focussed on Lode's 100% owned Webbs Consol Silver Project (EL8933) ("Webbs Consol"). Webbs Consol is the Company's flagship project due to the high calibre of drilling results achieved to date.

During the December half drilling at the Webbs Consol's Tangoa West lode returned intercepts with high-grade mineralisation over substantial widths, further demonstrating mineralisation at depth. Drill holes WCS064 and WCS065 intercepted 27.7m @ 663 g/t AgEq¹ from 203.3m and 33.2m @ 569 g/t AgEq¹ from 270.0m respectively*. See Tables 1 & 2 for details.

Table 1. Drill hole WCS064 intercept assay summary*

| Hole | From (m) | To (m) | Interval (m) | AgEq ¹ (g/t) | Ag (g/t) | Pb (%) | Zn (%) | Cu (%) |
|--------|----------|--------|--------------|-------------------------|----------|--------|--------|--------|
| WCS064 | 203.3 | 231.0 | 27.7 | 633 | 146 | 0.35 | 7.69 | 0.03 |
| incl. | 219.0 | 229.0 | 10.0 | 918 | 179 | 0.36 | 11.78 | 0.03 |
| incl. | 222.4 | 225.7 | 3.3 | 1,890 | 306 | 0.47 | 25.45 | 0.06 |

Table 2. Drill hole WCS065 intercept assay summary*

| Hole | From (m) | To (m) | Interval (m) | AgEq ¹ (g/t) | Ag (g/t) | Pb (%) | Zn (%) | Cu (%) |
|--------|----------|--------|--------------|-------------------------|----------|--------|--------|--------|
| WCS065 | 270.0 | 303.2 | 33.2 | 569 | 64 | 0.14 | 8.13 | 0.01 |
| incl. | 279.9 | 298.3 | 18.5 | 992 | 101 | 0.20 | 14.37 | 0.02 |
| incl. | 282.0 | 296.4 | 14.4 | 1,172 | 118 | 0.22 | 17.00 | 0.02 |

Sulphide distribution within these two intercepts ranges from disseminated coarse blebs of sphalerite ((Zn,Fe)S) and minor galena (PbS) to semi massive veins of sphalerite. Silver mineralisation is present as tetrahedrite ((Cu,Fe,Zn,Ag)₁₂Sb₄S₁₃) and stephanite (Ag₅SbS₄).

Drill holes WCS064 and WCS065 were designed to test the lateral extent of two mineralisation zones previously intercepted in drill hole WCS052 (see Tables 3 & 4) so as to help define the lode's footwall and hanging wall boundaries at approximately 190m and 290m vertical depth, respectively.

The strategy of defining the lode boundary at different levels by multi-directional drilling has been instrumental in defining lode orientation and targeting of extensions. The Tangoa West Lode plunges vertically (90°) to a vertical depth of 100m and then plunges 65°-70° north below 100m to at least 300m vertical depth.

**LODE RESOURCES LTD
DIRECTORS' REPORT**

Table 3. Drill hole WCS052 zone A assay summary*

| Hole | From (m) | To (m) | Interval (m) | AgEq ¹ (g/t) | Ag (g/t) | Pb (%) | Zn (%) | Cu (%) | Au (g/t) |
|---------|----------|--------|--------------|-------------------------|----------|--------|--------|--------|----------|
| WCS052A | 98.0 | 247.2 | 149.2 | 627 | 183 | 3.13 | 5.19 | 0.19 | 0.02 |
| incl. | 101.0 | 115.0 | 14.0 | 933 | 135 | 8.04 | 7.56 | 0.66 | 0.01 |
| incl. | 107.4 | 112.0 | 4.6 | 1,494 | 213 | 9.38 | 14.19 | 0.96 | 0.01 |
| and | 169.3 | 173.7 | 4.4 | 1,520 | 430 | 0.82 | 16.13 | 0.65 | 0.03 |
| and | 202.2 | 210.1 | 7.9 | 2,519 | 809 | 0.55 | 27.50 | 0.03 | 0.02 |
| and | 213.7 | 228.0 | 14.3 | 927 | 353 | 0.92 | 8.73 | 0.06 | 0.02 |
| incl. | 219.1 | 227.0 | 7.9 | 1,227 | 481 | 1.20 | 11.34 | 0.07 | 0.03 |

Table 4. Drill hole WCS052 zone B assay summary*

| Hole | From (m) | To (m) | Interval (m) | AgEq ¹ (g/t) | Ag (g/t) | Pb (%) | Zn (%) | Cu (%) | Au (g/t) |
|---------|----------|--------|--------------|-------------------------|----------|--------|--------|--------|----------|
| WCS052B | 279.0 | 319.2 | 40.2 | 804 | 83 | 0.16 | 11.56 | 0.04 | 0.01 |
| incl. | 299.4 | 318.0 | 18.6 | 1,131 | 93 | 0.16 | 16.77 | 0.02 | 0.01 |
| incl. | 308.0 | 313.0 | 5.0 | 1,611 | 71 | 0.11 | 24.94 | 0.04 | 0.01 |

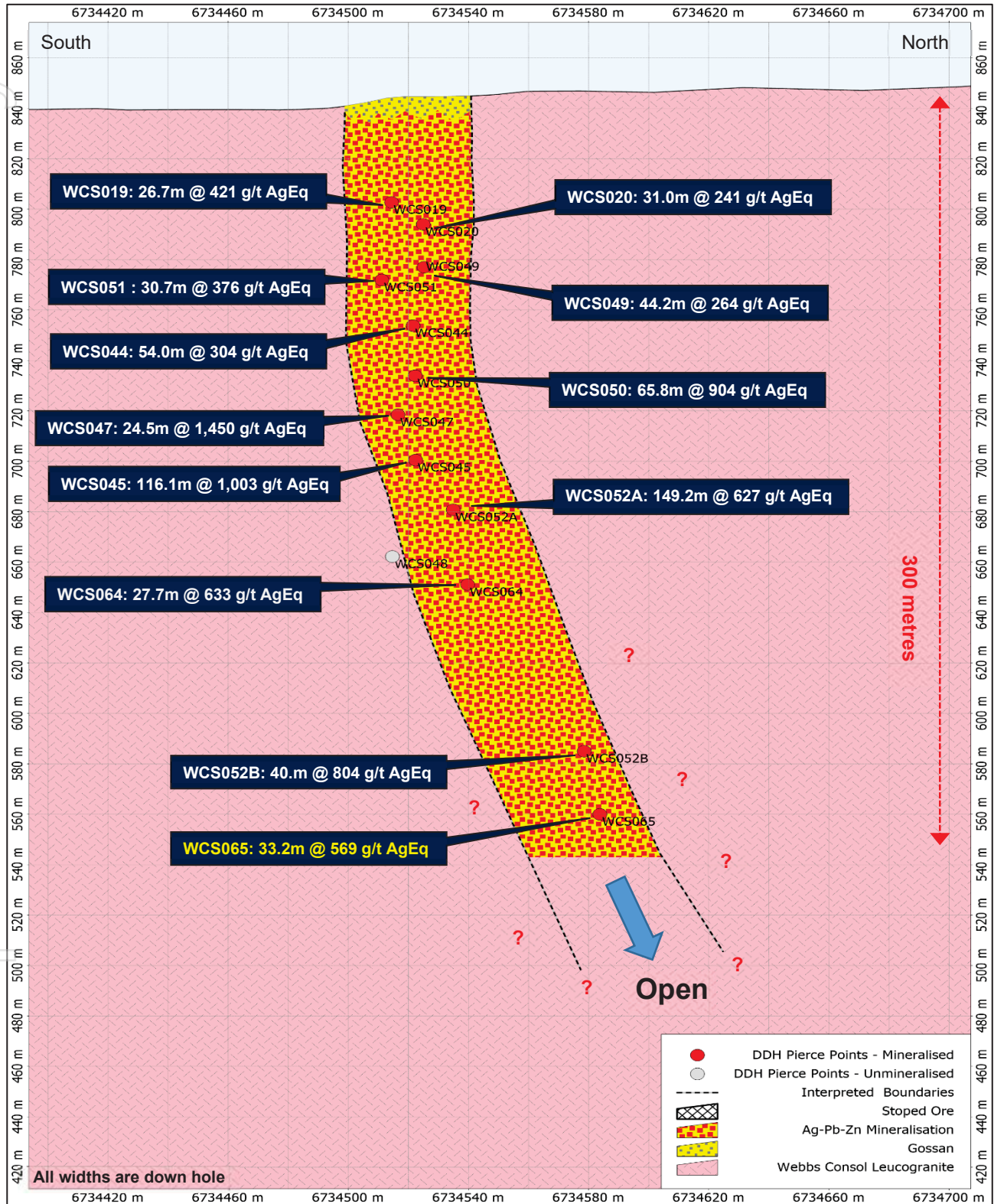
Photo 1. WCS064 drill core (222.3m-222.5m) 0.2m grading 160 g/t Ag, 23.8% Zn and 0.26% Pb with burgundy coloured semi massive sphalerite ((Zn,Fe)S) within a broader intercept of (203.3m-231.0m) 27.7m grading 146 g/t Ag, 7.69% Zn and 0.35% Pb



*Please note metal equivalent figures in this document are based on previous assumptions that were used prior to a change in assumptions reported on 19 February 2024.

**LODE RESOURCES LTD
DIRECTORS' REPORT**

Figure 1. Tangoa West Lode longitudinal section showing holes drilled to date (Looking west).



**LODE RESOURCES LTD
DIRECTORS' REPORT**

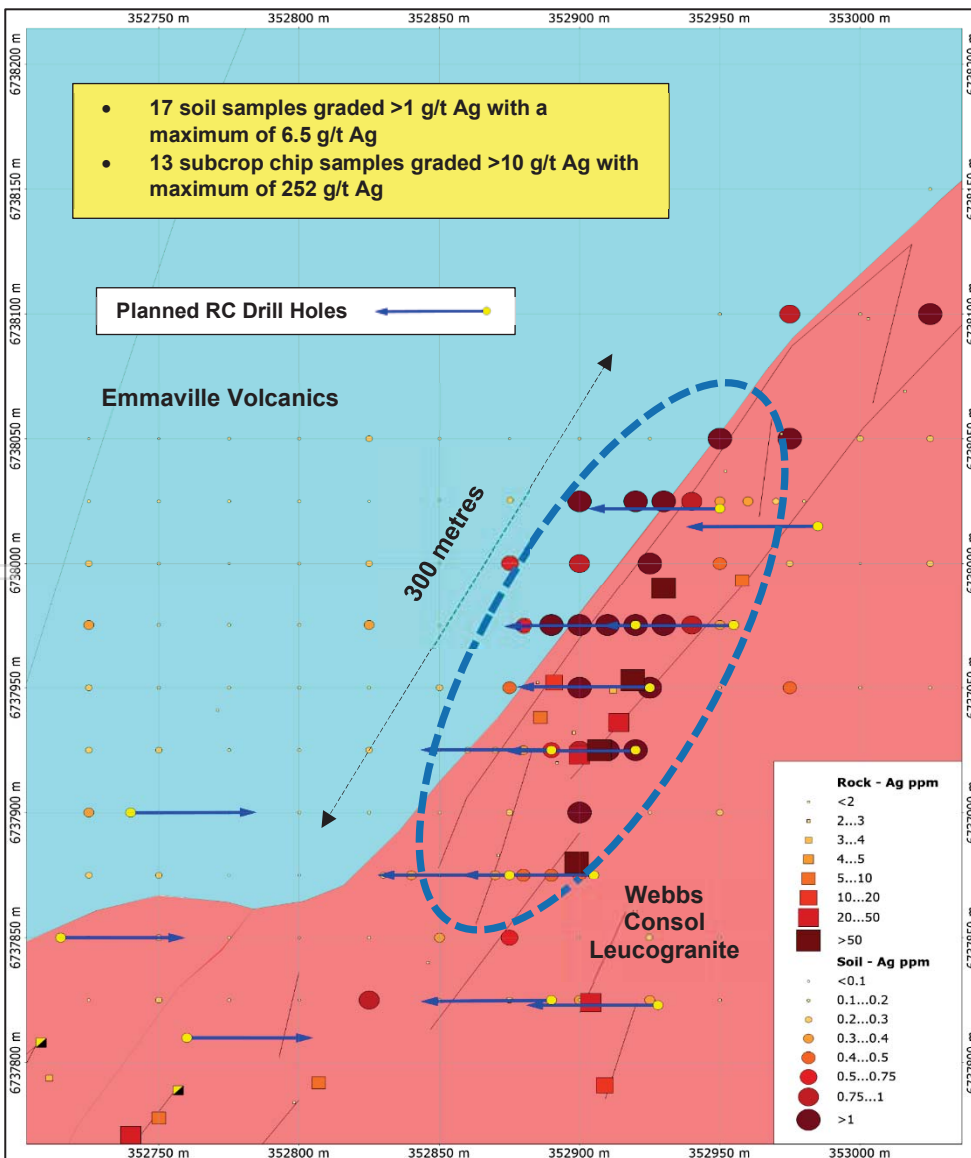
A new substantial drill ready geochemical anomaly, called the Webbs Consol North prospect, was defined during the half year ending December. The anomaly footprint is the largest surface occurrence at Webbs Consol and is one order of magnitude greater than the surface expression of Tangoa West, the largest mineralised lode drilled to date at Webbs Consol.

The Webbs Consol North prospect surface anomaly is defined by high silver (Ag), lead (Pb), and zinc (Zn) assay values returned over a 300-meter strike length.

- Assays of soil samples returned:
 - 17 samples >1 g/t Ag with a maximum of 6.5 g/t Ag
 - 20 samples >500 ppm Pb with a maximum of 3,410 ppm Pb
 - 21 samples >250 ppm Pb with a maximum of 1,090 ppm Pb
- Assay of subcrop chip samples returned:
 - 13 samples >10 g/t Ag with a maximum of 252 g/t Ag
 - 12 samples >5,000 ppm Pb with a maximum of 12.95% Pb
 - 9 samples >1,000 ppm Zn with a maximum of 0.84% Zn

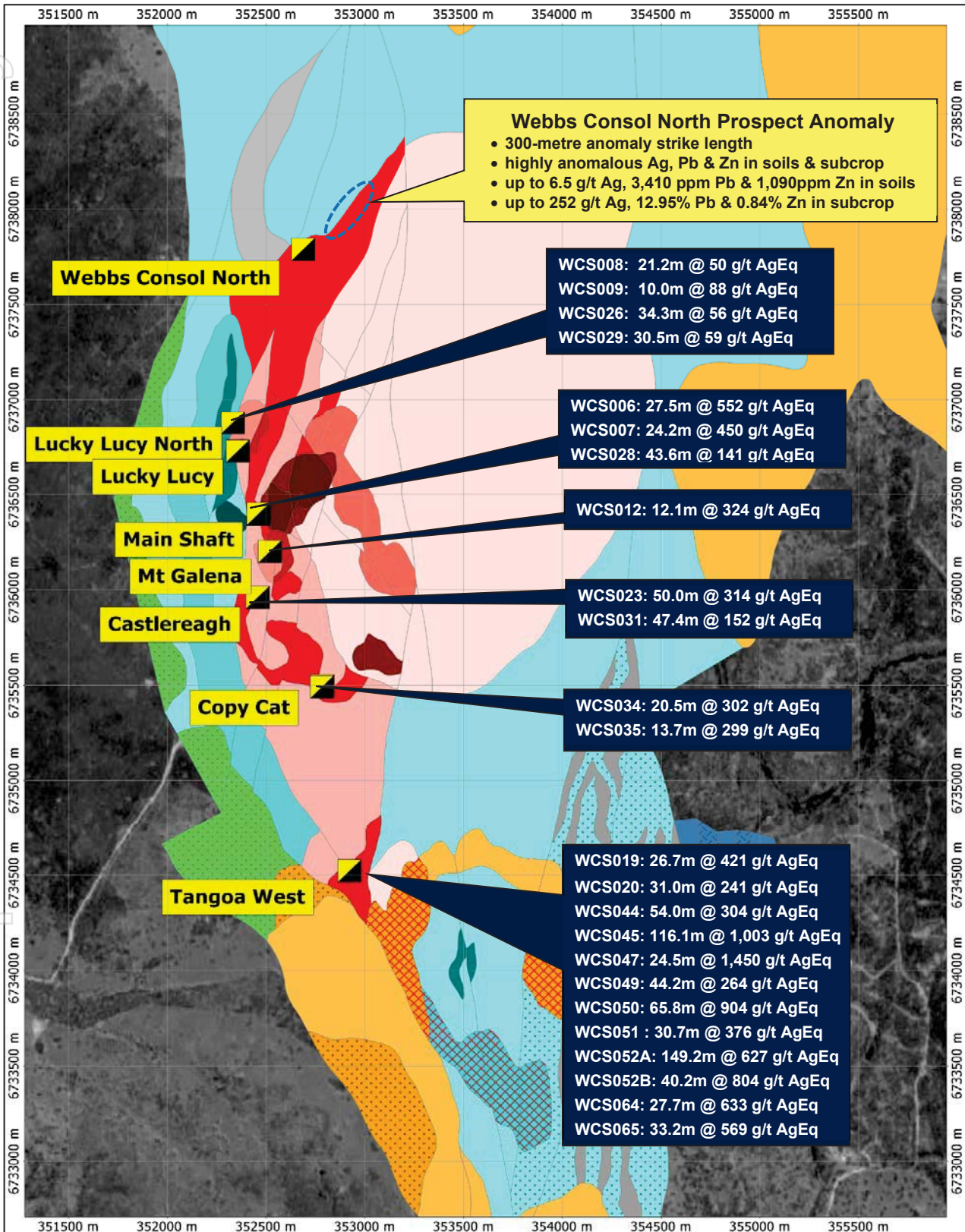
A decision was made to drill the Webbs Consol North Prospect given its strong prospectivity as described above and a 15-hole RC drill program at the Webbs Consol North prospect and other targets was completed during the December half.

Figure 2. Webbs Consol North Prospect – High silver assay values in subcrop and soils



**LODE RESOURCES LTD
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Figure 3. Webbs Consol Silver Project – Location of main lodes, significant drill intercepts and the newly defined Webbs Consol North Prospect anomaly.

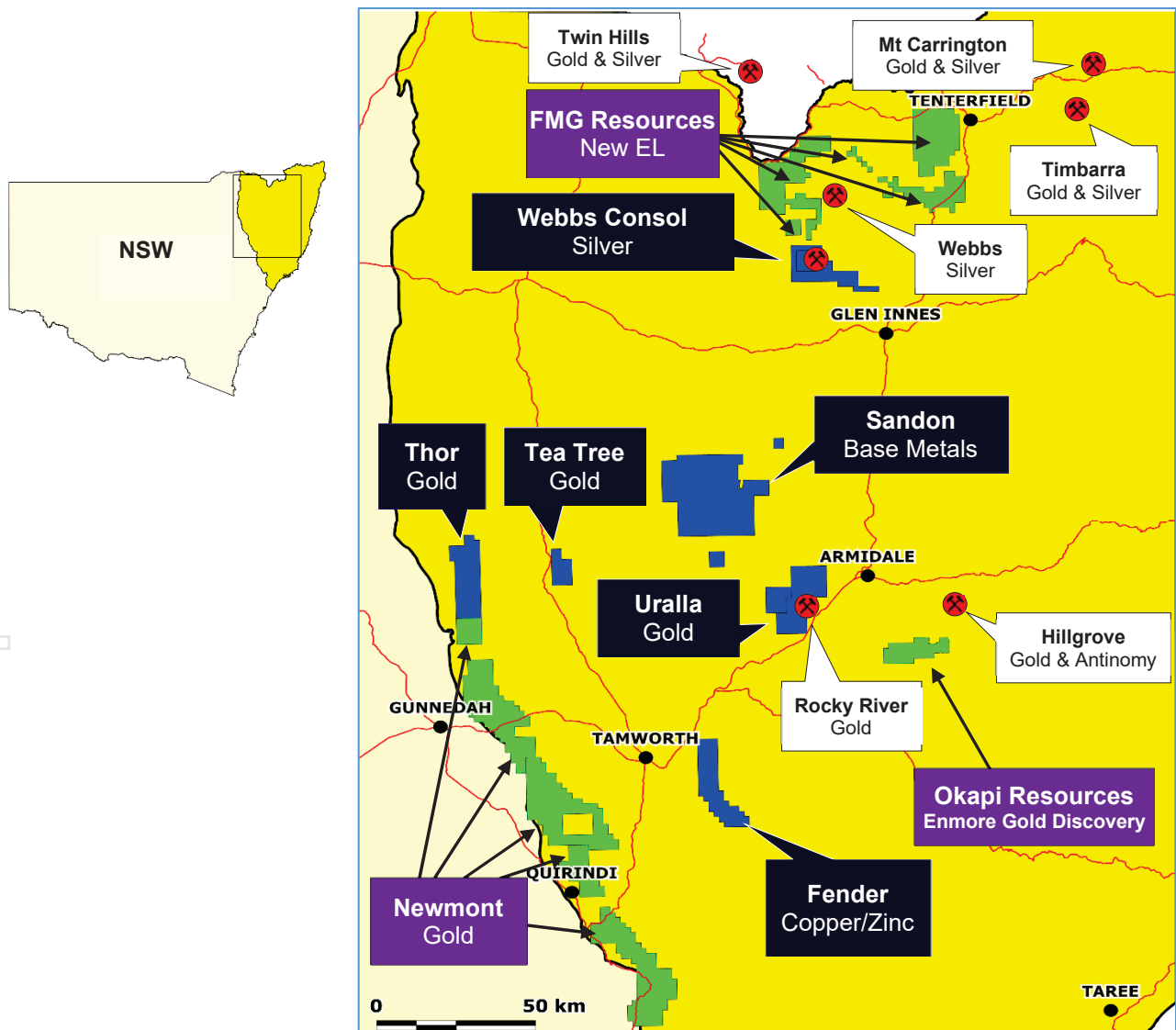


LODE RESOURCES LTD DIRECTORS' REPORT

Tenements – December 2023

| Project | % Interest | Units | Area (km ²) | Type of Tenements |
|-------------------|------------|------------|-------------------------|-------------------|
| Uralla | 100 | 80 | 237 | Exploration |
| Webbs Consol | 100 | 16 | 48 | Exploration |
| Fender | 100 | 76 | 223 | Exploration |
| Tea Tree | 100 | 24 | 71 | Exploration |
| Thor | 100 | 78 | 231 | Exploration |
| Uralla West | 100 | 22 | 65 | Exploration |
| Sandon | 100 | 273 | 758 | Exploration |
| Webbs Consol Exp. | 100 | 53 | 155 | Exploration |
| | | 622 | 1,788 | |

Figure 4. Lode's Project Locations (blue polygons)



LODE RESOURCES LTD
DIRECTORS' REPORT

Competent Person's Statement

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

No Material Changes

Lode Resources Ltd confirms that it is not aware of any new information or data that would materially affect the information included in the quarterly activities report released on 30 January 2024 and the market announcements on 19 February 2024 and that all material assumptions and technical parameters in the market announcements continue to apply and have not materially changed.

¹Use of Silver Equivalent Figures

Silver is deemed to be the appropriate metal for equivalent calculations as silver is the most common metal to all mineralisation zones. Webbs Consol silver equivalent grades are based on assumptions: $AgEq(g/t) = Ag(g/t) + 61 * Zn(\%) + 33 * Pb(\%) + 107 * Cu(\%) + 88 * Au(g/t)$ calculated from 29 August 2022 spot metal prices of US\$18.5/oz silver, US\$3600/t zinc, US\$2000/t lead, US\$8100/t copper, US\$1740/oz gold and metallurgical recoveries of 97.3% silver, 98.7% zinc, 94.7% lead, 76.3% 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. *Please note metal equivalent figures in this document are based on previous assumptions that were used prior to a change in assumptions reported on 19 February 2024.

$$AgEq^1 (g/t) = Ag (g/t) + Pb (\%) \times \frac{Price\ 1\ Pb (\%) \times Pb\ Recovery (\%)}{Price\ 1\ Ag (g/t) \times Ag\ Recovery (\%)} + Zn (\%) \times \frac{Price\ 1\ Zn (\%) \times Zn\ Recovery (\%)}{Price\ 1\ Ag (g/t) \times Ag\ Recovery (\%)} \\ + Cu (\%) \times \frac{Price\ 1\ Cu (\%) \times Cu\ Recovery (\%)}{Price\ 1\ Ag (g/t) \times Ag\ Recovery (\%)} + Au(g/t) \times \frac{Price\ 1\ Au (g/t) \times Au\ Recovery (\%)}{Price\ 1\ Ag (g/t) \times Ag\ Recovery (\%)}$$

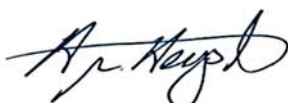
Subsequent Events

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

Lead Auditor's Independence Declaration

The Lead Auditor's Independence Declaration is set out on page 9 and forms part of the Directors' Report for the half-year ended 31 December 2023.

Signed at Sydney this 28th day of February 2024
in accordance with a resolution of the Board of Directors:



Andrew M. Van Heyst
Executive Chairman



Edward J. Leschke
Managing Director



PKF(NS) Audit & Assurance Limited Partnership

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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 half-year ended 31 December 2023, there have been:

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

PKF

PKF

A handwritten signature in black ink that reads 'STobutt'.

SCOTT TOBUTT
PARTNER

28 FEBRUARY 2024
SYDNEY, NSW

LODE RESOURCES LTD

**Condensed Interim Statement of Profit or Loss and Other
Comprehensive Income**

For the half-year ended 31 December 2023

| | Notes | 31 December 2023 \$ | 31 December 2022 \$ |
|---|-------|------------------------------|------------------------------|
| CONTINUING OPERATIONS | | | |
| Other income | | - | - |
| Expenses | | | |
| Administration and consultants' expenses | | (124,346) | (92,308) |
| Employee, directors and consultants costs | | (394,619) | (330,744) |
| Amortisation and depreciation | | (16,205) | (15,614) |
| Legal and professional expenses | | - | (3,190) |
| Travel expenses | | (12,777) | (24,900) |
| Other expenses | | (122,806) | (394,415) |
| Operating loss before financing income and expense | | (670,753) | (861,171) |
| Interest income | | 84,339 | 6,939 |
| Interest expense | | (3,489) | (770) |
| Net finance expense | | 80,850 | 6,169 |
| Loss before income tax | 3 | (589,903) | (855,002) |
| Income tax benefit/(expense) | | - | - |
| Loss for the period | | (589,903) | (855,002) |
| Other comprehensive income for the period | | - | - |
| Total comprehensive loss for the period | | (589,903) | (855,002) |
| Earnings per share | | | |
| Basic and diluted loss per share | | (0.006) | (0.010) |

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

LODE RESOURCES LTD

Condensed Interim Statement Of Financial Position As at 31 December 2023

| | Notes | 31 December 2023 \$ | 30 June 2023 \$ |
|--------------------------------------|-------|------------------------------|--------------------------|
| Current assets | | | |
| Cash and cash equivalents | | 3,228,170 | 4,845,931 |
| Trade and other receivables | | 32,165 | 93,126 |
| Other assets | | 32,382 | 3,899 |
| Total current assets | | 3,292,717 | 4,942,956 |
| Non-current assets | | | |
| Other financial assets | | 424,563 | 395,563 |
| Property, plant and equipment | | 51,691 | 2,602 |
| Exploration and evaluation assets | 4 | 4,761,247 | 4,172,070 |
| Total non-current assets | | 5,237,501 | 4,570,235 |
| Total assets | | 8,530,218 | 9,513,191 |
| Current liabilities | | | |
| Trade and other payables | | 53,098 | 571,214 |
| Employee entitlements | | 61,932 | 42,876 |
| Lease liability | | 32,764 | 2,299 |
| Total current liabilities | | 147,794 | 616,389 |
| Non-current liabilities | | | |
| Lease liability | | 20,525 | - |
| Total non-current liabilities | | 20,525 | - |
| Total liabilities | | 168,319 | 616,389 |
| Net assets | | 8,361,899 | 8,896,802 |
| Equity | | | |
| Issued capital | 5 | 9,113,475 | 9,113,475 |
| Reserves | | 2,386,633 | 2,466,633 |
| Accumulated losses | | (3,138,209) | (2,683,306) |
| Total equity | | 8,361,899 | 8,896,802 |

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

LODE RESOURCES LTD

Condensed Interim Statement Of Changes In Equity
For the half year ended 31 December 2023

| | Issued capital | Option premium reserve | Accumulated losses | Total |
|---|-------------------|------------------------------|-----------------------|------------------|
| | \$ | \$ | \$ | \$ |
| Balance at 1 July 2022 | 5,611,514 | 135,000 | (1,567,775) | 4,178,739 |
| Loss for the period | - | - | (855,002) | (855,002) |
| Total other comprehensive income | - | - | - | - |
| Total comprehensive loss for the period | - | - | (855,002) | (855,002) |
| Transactions with owners recorded directly in equity | | | | |
| Ordinary shares and options issued | 1,469,657 | 212,883 | - | 1,682,540 |
| Transaction costs on issue of shares and options | (124,677) | - | - | (124,677) |
| Share base payments | - | 327,750 | - | 327,750 |
| Balance at 31 December 2022 | 6,956,494 | 675,633 | (2,422,777) | 5,209,350 |
| Balance at 1 July 2023 | 9,113,475 | 2,466,633 | (2,683,306) | 8,896,802 |
| Loss for the period | - | - | (589,903) | (589,903) |
| Total other comprehensive income | - | - | - | - |
| Total comprehensive loss for the period | - | - | (589,903) | (589,903) |
| Transactions with owners recorded directly in equity | | | | |
| Ordinary shares and options issued | - | - | - | - |
| Transfer from reserve | - | (135,000) | 135,000 | - |
| Share base payments | - | 55,000 | - | 55,000 |
| Balance at 31 December 2023 | 9,113,475 | 2,386,633 | (3,138,209) | 8,361,899 |

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

LODE RESOURCES LTD

Condensed Interim Statement Of Cash Flows
For the half year ended 31 December 2023

| | 31 December 2023 \$ | 31 December 2022 \$ |
|--|------------------------------|------------------------------|
| Cash flows from operating activities | | |
| Cash payments in the course of operations | (649,969) | (502,205) |
| Net cash used in operations | (649,969) | (502,205) |
| Interest received | 84,339 | 6,939 |
| Net cash used in operating activities | (565,630) | (495,266) |
| Cash flows from investing activities | | |
| Proceed from security deposit refund | 10,000 | - |
| Payments for exploration and evaluation expenditure | (1,005,337) | (1,106,383) |
| Payments for security deposits | (39,000) | (43,501) |
| Net cash used in investing activities | (1,034,337) | (1,149,884) |
| Cash flows from financing activities | | |
| Proceeds from share and options issues | - | 1,682,540 |
| Transaction costs on share and option issues | - | (124,677) |
| Lease payments | (17,794) | (17,228) |
| Net cash (used in) / provided by financing activities | (17,794) | 1,540,635 |
| Net decrease in cash held | (1,617,761) | (104,515) |
| Cash at the beginning of the reporting period | 4,845,931 | 2,181,010 |
| Cash and cash equivalents at 31 December | 3,228,170 | 2,076,495 |

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

LODE RESOURCES LTD

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

31 December 2023

1. REPORTING ENTITY

Lode Resources Ltd (the 'Company') is a company domiciled in Australia as an individual entity. The interim financial statements, of the Company as at and for the half-year ended 31 December 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.

The annual financial statements of the Company as at and for the year ended 30 June 2023 are available upon request from the Company's registered office at C/o ESN Partners, Level 5, 1 Margaret Street, Sydney NSW 2000, Australia or at www.loderesources.com.

2. BASIS OF PREPARATION

(a) Statement of Compliance

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

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the last annual financial statements as at and for the year ended 30 June 2023. The condensed interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual financial statements of the Company as at and for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX Listing Rules.

This condensed interim financial report was approved by the Board of Directors on 28 February 2024.

(b) Estimates

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

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 30 June 2023.

Fair value of Options

There were estimates used to value the issue of 1,000,000 options issued during the half-year ended 31 December 2023 with a fair value of \$55,000. Estimates used in this valuation are outlined in Note 5.

(c) Employee Benefits

Short-term employee benefits

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

Other long-term employee benefits

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

LODE RESOURCES LTD

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

31 December 2023

(c) Employee Benefits (cont'd)

Defined contribution superannuation expense

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

(d) Right-of-Use Assets

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

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

(e) Lease Liabilities

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

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

(f) Changes in Accounting Policies

All other accounting policies used are consistent with those applied in the 30 June 2023 financial report.

LODE RESOURCES LTD

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

31 December 2023

3. LOSS BEFORE INCOME TAX

| | 31 December 2023 | 31 December 2022 |
|---|---------------------------------|---------------------------------|
| | \$ | \$ |
| The following items are relevant in explaining the financial performance for the half-year: | | |
| Interest income on cash deposits | 84,339 | 6,939 |
| Interest expense | (3,489) | (770) |
| Total | 80,850 | 6,169 |

Lease liability repayment for the six months ended 31 December 2023 was \$17,794 (2022 – \$17,228) and is recognised as cash outflows from lease repayments.

4. EXPLORATION AND EVALUATION EXPENDITURE

| | 31 December 2023 | 30 June 2023 |
|------------------------------------|-----------------------------|-------------------------|
| | \$ | \$ |
| EL 8933 Webbs Consol | 3,481,863 | 2,942,350 |
| EL 8980 Uralla | 832,349 | 824,424 |
| EL 9003 Fender | 314,086 | 281,857 |
| EL 9004 Elsinore | - | 21,556 |
| EL 9084 Tea Tree | 16,303 | 16,303 |
| EL 9085 Thor Gold | 32,114 | 32,113 |
| EL 9087 Uralla West | 17,048 | 17,048 |
| EL 9319 Sandon | 64,204 | 36,419 |
| EL 9454 Webbs Extension | 3,280 | - |
| Net book value | 4,761,247 | 4,172,070 |
| Balance at beginning of the period | 4,172,070 | 2,159,105 |
| Expenditure incurred | 610,733 | 2,012,965 |
| Licence surrender | (21,556) | - |
| Net book value | 4,761,247 | 4,172,070 |

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

LODE RESOURCES LTD

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

31 December 2023

5. ISSUED CAPITAL

(a) Issued and paid-up share capital

| | 31 December 2023 | | 30 June 2023 | |
|---|--------------------|------------------|--------------|-------------|
| | Number | \$ | Number | \$ |
| Ordinary shares, fully paid at 1 July | 106,784,145 | 9,113,475 | 79,966,002 | 5,611,514 |
| <i>Movement in Ordinary Shares:</i> | | | | |
| Issued ordinary shares 17 August 2022 for \$0.14 | - | - | 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 \$0.030 | - | - | 14,800,000 | 3,219,000 |
| Less cost of issue | - | - | - | (1,186,696) |
| | 106,784,145 | 9,113,475 | 106,784,145 | 9,113,475 |

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 options

During the half year ended 31 December 2023 no options were issued by the Company and the following options were on issue.

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

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

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

| Grant date | Expiry date | Vesting date | Exercise price | Start of the period | Granted during the period | Total exercised number | Total number expired | Balance at end of the period number |
|-----------------|-----------------|--------------|----------------|---------------------|---------------------------|------------------------|----------------------|-------------------------------------|
| 17 August 2022 | 25 August 2024 | Immediately | \$0.24 | 8,330,500 | - | - | - | 8,330,500 |
| 2 December 2022 | 2 December 2024 | Immediately | \$0.24 | 178,572 | - | - | - | 178,572 |

LODE RESOURCES LTD

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

31 December 2023

(c) Share base payment

On 24 October 2023, the Company granted 500,000 unlisted options to Non-executive Directors of the Company and 500,000 unlisted options to the Exploration Manager of the Company. The options were issued on 6 December 2023 and have an exercise price of \$0.24.

The fair value of the 1,000,000 options granted on 24 October 2023 was \$55,000. The Black-Scholes formula model inputs were the Company's share price of \$0.098 at the grant date, a volatility factor of 140.20% based on historical share price performance, and a risk-free interest rate of 4.22% based on the 2-year government bond rate.

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

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

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

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

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

The fair value of the 500,000 options granted on 14 July 2021 was \$50,000. The Black-Scholes formula model inputs were the Company's share price of \$0.18 at the grant date, a volatility factor of 137.76% based on historical share price performance and a risk-free interest rate of 0.04% based on the 2-year government bond rate.

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

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

The terms and conditions of the options held by key management personnel and employees during the half year ended 31 December 2023 are as follows:

| Grant date | Expiry date | Vesting date | Exercise price | Start of the period | Granted during the period | Total exercised number | Total number expired | Balance at end of the period number |
|-----------------|-----------------|--------------|----------------|---------------------|---------------------------|------------------------|----------------------|-------------------------------------|
| 24 October 2023 | 6 December 2025 | Immediately | \$0.24 | - | 1,000,000 | - | - | 1,000,000 |
| 2 December 2022 | 2 December 2024 | Immediately | \$0.24 | 500,000 | - | - | - | 500,000 |
| 8 December 2022 | 2 December 2024 | Immediately | \$0.24 | 750,000 | - | - | - | 750,000 |
| 31 March 2021 | 2 July 2023 | Immediately | \$0.30 | 1,000,000 | - | - | 1,000,000 | - |
| 14 July 2021 | 7 July 2023 | Immediately | \$0.30 | 500,000 | - | - | 500,000 | - |

LODE RESOURCES LTD

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

31 December 2023

(c) Share base payment (Cont.)

The terms and conditions of the options held by key management personnel and employees during the half year ended 31 December 2022 are as follows:

| Grant date | Expiry date | Vesting date | Exercise price | Start of the period | Granted during the period | Total exercised number | Total number expired | Balance at end of the period number |
|-----------------|-----------------|--------------|----------------|---------------------|---------------------------|------------------------|----------------------|-------------------------------------|
| 2 December 2022 | 2 December 2024 | Immediately | \$0.24 | - | 500,000 | - | - | 500,000 |
| 8 December 2022 | 2 December 2024 | Immediately | \$0.24 | - | 750,000 | - | - | 750,000 |
| 31 March 2021 | 2 July 2023 | Immediately | \$0.30 | 1,000,000 | - | - | - | 1,000,000 |
| 14 July 2021 | 7 July 2023 | Immediately | \$0.30 | 500,000 | - | - | - | 500,000 |

6. OPERATING SEGMENTS

The Company's chief operating decision maker has considered the requirements of AASB 8, Operating Segments, and has concluded that, during the half-year ended 31 December 2023, the Company operated in the mineral exploration within the geographical segments of Australia with no separate reportable segment.

7. EVENTS OCCURRING SUBSEQUENT TO 31 DECEMBER 2023

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

8. RELATED PARTIES

Transactions with key management personnel

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

No directors have entered into a material contract with the Company and there were no material contracts involving directors' interests existing at 31 December 2023.

LODE RESOURCES LTD

DIRECTORS' DECLARATION

31 December 2023

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

- (a) the financial statements and notes set out on pages 10 to 19, are in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the Company's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed at Sydney this 28th day of February 2024
in accordance with a resolution of the Board of Directors:



Andrew Van Heyst
Executive Chairman



Edward Leschke
Managing Director

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF LODE RESOURCES LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Lode Resources Limited (the Company), which comprises the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration.

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

- (a) giving a true and fair view of the Company's financial position as at 31 December 2023, and of its financial performance for the half-year ended on that date; and
- (b) complying with the Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Independence

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

Directors' Responsibility for the Half-Year Financial Report

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

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Company's financial position as at 31 December 2023 and its performance for the half year ended on that date, and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Lode Resourced Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.



Auditor's Responsibility for the Review of the Half-Year Financial Report (cont'd)

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

PKF

PKF

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SCOTT TOBUTT
PARTNER

28 FEBRUARY 2024
SYDNEY, NSW

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