

Lode Resources Ltd (formerly Lode Resources Pty Ltd)

ABN: 30 637 512 415

Interim Financial Statements

For the Half Year Ended 31 December 2020

Lode Resources Ltd (formerly Lode Resources Pty Ltd)

ABN: 30 637 512 415

Contents

For the Half Year Ended 31 December 2020

	Page
Interim Financial Statements	
Directors' Report	1
Auditor's Independence Declaration under Section 307C of the Corporations Act 2001	3
Interim Statement of Profit or Loss and Other Comprehensive Income	4
Interim Statement of Financial Position	5
Interim Statement of Changes in Equity	6
Interim Statement of Cash Flows	7
Notes to the Financial Statements	8
Directors' Declaration	11
Independent Auditor's Review Report	12

Lode Resources Ltd (formerly Lode Resources Pty Ltd)

ABN: 30 637 512 415

Directors' Report 31 December 2020

The directors submit the interim financial report of the Company for the half year ended 31 December 2020.

Directors

The names of each person who has been a director during the half year and to the date of this report are:

Andrew Van Heyst

Ted Leschke

Keith Mayes

Jason Beckton

Appointed 29 September 2020

Principal activities

The principal activities of Lode Resources Ltd during the financial half year was the acquisition of exploration projects through Exploration Licence Applications and the subsequent granting of Exploration Licences, completing extensive literature reviews of past exploration activities, gaining access through Rural Access and Compensation Agreements with surface landowners and carrying out reconnaissance style field activities.

No significant changes in the nature of the Company's activity occurred during the financial half year.

Review of operations

As of 31 December 2020, the Company had been granted four exploration licences, those being EL8980, EL8933, EL9003 and EL9004. Those licenses applied for and granted up to the date of this report are as follows:

Project	Licence	Grant /Application Date	Expiry Date	Commodity	Units	Area (sq. km)	Status
Uralla	EL8980	16/01/2020	16/01/2023	Gold	80	237	Granted
Webbs Consol	EL8933	14/05/2020	14/05/2023	Silver	16	48	Granted
Fender	EL9003	12/10/2020	12/10/2023	Copper	76	223	Granted
Elsinore	EL9004	12/10/2020	12/10/2023	Copper	32	95	Granted
Tea Tree	ELA6016	06/07/2020	n/a	Gold	24	71	Offer of grant
Thor	ELA6020	06/07/2020	n/a	Gold	78	231	Offer of grant
Uralla West	ELA6153	29/10/2020	n/a	Gold	22	65	Offer of grant
Total					328	970	

Lode Resources Ltd (formerly Lode Resources Pty Ltd)

ABN: 30 637 512 415

Directors' Report
31 December 2020

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the half year ended 31 December 2020 has been received and can be found on page 3 of the interim financial report.

This report is signed in accordance with a resolution of the Board of Directors.



Director:

Andrew Van Heyst



Director:

Ted Leschke

Dated 12 February 2021

Lode Resources Ltd (formerly Lode Resources Pty Ltd)

ABN: 30 637 512 415

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2020, there have been:

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



PKF



SCOTT TOBUTT
PARTNER

12 FEBRUARY 2021
SYDNEY, NSW

Lode Resources Ltd (formerly Lode Resources Pty Ltd)

ABN: 30 637 512 415

**Interim Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2020**

	31 December 2020	31 December 2019
	\$	\$
Legal and professional expenses	(40,927)	-
Other expenses	(42,784)	-
Loss before income tax	(83,711)	-
Income tax expense	-	-
Loss for the period	(83,711)	-
Other comprehensive income	-	-
Total comprehensive expense for the period	(83,711)	-

The accompanying notes form part of these financial statements.

Lode Resources Ltd (formerly Lode Resources Pty Ltd)

ABN: 30 637 512 415

Interim Statement of Financial Position

As At 31 December 2020

	31 December 2020	30 June 2020
Note	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	579,774	299,082
Trade and other receivables	151,454	1,073
TOTAL CURRENT ASSETS	731,228	300,155
NON-CURRENT ASSETS		
Other financial assets	40,000	20,000
Exploration and evaluation assets	221,263	30,699
TOTAL NON-CURRENT ASSETS	261,263	50,699
TOTAL ASSETS	992,491	350,854
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	33,059	8,163
TOTAL CURRENT LIABILITIES	33,059	8,163
TOTAL NON-CURRENT LIABILITIES	-	-
TOTAL LIABILITIES	33,059	8,163
NET ASSETS	959,432	342,691
EQUITY		
Issued capital	1,065,474	365,022
Accumulated losses	(106,042)	(22,331)
TOTAL EQUITY	959,432	342,691

The accompanying notes form part of these financial statements.

Lode Resources Ltd (formerly Lode Resources Pty Ltd)

ABN: 30 637 512 415

Interim Statement of Changes in Equity For the Year Ended 31 December 2020

	Issued capital	Accumulated losses	Total
	\$	\$	\$
Balance at 1 July 2020	365,022	(22,331)	342,691
Loss for the period	-	(83,711)	(83,711)
Other comprehensive income	-	-	-
Total comprehensive expense for the period	-	-	-
Transactions with owners in their capacity as owners			
Contribution of equity, net of transaction costs	700,452	-	700,452
Balance at 31 December 2020	1,065,474	(106,042)	959,432
Balance at 18 November 2019	-	-	-
Profit for the period	-	-	-
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	-	-
Transactions with owners in their capacity as owners			
Shares issued during the period	1	-	1
Balance at 31 December 2019	1	-	1

The accompanying notes form part of these financial statements.

Lode Resources Ltd (formerly Lode Resources Pty Ltd)

ABN: 30 637 512 415

Interim Statement of Cash Flows For the Year Ended 31 December 2020

	31 December 2020	31 December 2019
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Payments to suppliers	(76,714)	-
Net cash used in operating activities	<u>(76,714)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments in relation to exploration and evaluation activities	(190,564)	-
Net cash used in investing activities	<u>(190,564)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from the issue of shares, net of costs	547,970	-
Net cash provided by financing activities	<u>547,970</u>	<u>-</u>
Net increase in cash and cash equivalents held	280,692	-
Cash and cash equivalents at beginning of half year	299,082	-
Cash and cash equivalents at end of the half year	<u><u>579,774</u></u>	<u><u>-</u></u>

The accompanying notes form part of these financial statements.

Lode Resources Ltd (formerly Lode Resources Pty Ltd)

ABN: 30 637 512 415

Notes to the Financial Statements For the Year Ended 31 December 2020

The interim financial report covers Lode Resources Ltd as an individual entity. Lode Resources Ltd is a for-profit Company limited by shares, incorporated and domiciled in Australia.

The functional and presentation currency of Lode Resources Ltd is Australian dollars.

The Company was incorporated on 18 November 2019 and accordingly the comparative period is shorter than the current period.

On 21 October 2020, after a special resolution by shareholders, the Company applied to ASIC to become a public company.

The financial report was authorised for issue by the Directors on 12 February 2021.

Comparatives are consistent with prior periods, unless otherwise stated.

1 Basis of Preparation

This condensed interim financial report for the reporting period ending 31 December 2020 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The interim financial report is intended to provide users with an update on the latest annual financial statements of Lode Resources Ltd. As such it does not contain information that represents relatively insignificant changes occurring during the half year within Lode Resources Ltd. This condensed financial report does not include all the notes normally included in an annual financial report. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of Lode Resources Ltd for the year ended 30 June 2020.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Summary of Significant Accounting Policies

(a) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has decided not to early adopt these Standards.

3 Critical Accounting Estimates and Judgments

Company management make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Lode Resources Ltd (formerly Lode Resources Pty Ltd)

ABN: 30 637 512 415

Notes to the Financial Statements For the Year Ended 31 December 2020

3 Critical Accounting Estimates and Judgments

Key judgments - capitalisation of exploration and evaluation expenditure

The Company capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the reporting period at \$221,263 (June 2020: \$30,699).

4 Exploration, Evaluation and Development Assets

	Exploration and evaluation \$
2020	
Balance at beginning of the half year	30,699
Expenditure incurred	<u>190,564</u>
Balance at end of the half year	<u><u>221,263</u></u>

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on 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.

A summary of licences applied for and granted as at the date of this report are as follows:

Project	Licence	Grant / application date	Expiry date	Commodity	Units	Area (km ²)	Status
Uralla	EL8980	16/01/2020	16/01/2023	Gold	80	237	Granted
Webbs Consol	EL8933	14/05/2020	14/05/2023	Silver	16	48	Granted
Fender	EL9003	12/10/2020	12/10/2023	Copper	76	223	Granted
Elsinore	EL9004	12/10/2020	12/10/2023	Copper	32	95	Granted
Tea Tree	ELA6016	06/07/2020	n/a	Gold	24	71	Offer of grant
Thor	ELA6020	06/07/2020	n/a	Gold	78	231	Offer of grant
Uralla West	ELA6153	19/10/2020	n/a	Gold	22	65	Offer of grant
Total					328	970	

Lode Resources Ltd (formerly Lode Resources Pty Ltd)

ABN: 30 637 512 415

Notes to the Financial Statements For the Year Ended 31 December 2020

5 Issued Capital

	31 December 2020	30 June 2020
	\$	\$
46,660,002 (June 2020: 46,640,002) Ordinary shares	375,022	365,022
7,730,000 (June 2020: -) Subscribed for but unissued ordinary shares	773,000	-
Capital raising costs	(82,548)	-
Total	1,065,474	365,022

(a) Subscribed for ordinary shares

During the period, the Company commenced a pre-IPO round of equity raising. At 31 December 2020, the round had closed and the Company had received and accepted applications for 7,730,000 ordinary shares at an issue price of \$0.10 each. On 5 January 2021, the Company completed this placement by issue of ordinary share certificates to shareholders.

6 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2020 (30 June 2020: none).

7 Events Occurring After the Reporting Date

The interim financial report was authorised for issue on 12 February 2021 by the board of directors.

On 5 January 2021, the Company completed a placement to sophisticated investors raising \$773,000 before costs by the issue of 7,730,000 ordinary shares at an issue price of \$0.10 each.

Except for the above, no other matters or circumstances have arisen since the end of the financial half 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.

8 Statutory Information

The registered office and principal place of business of the company is:

Lode Resources Ltd
C/o ESN Partners
Australia Square
Level 30 264 - 278 George Street
Sydney NSW 2000

Lode Resources Ltd (formerly Lode Resources Pty Ltd)

ABN: 30 637 512 415

Directors' Declaration

The directors of the Company declare that:

1. The interim financial statements and notes, as set out on pages 4 to 10 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - (b) give a true and fair view of the Company's financial position as at 31 December 2020 and of its performance for the half-year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Director

Andrew Van Heyst



Director

Ted Leschke

Dated 12 February 2021

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF LODE RESOURCES LTD (FORMERLY LODE RESOURCES PTY LTD)

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Lode Resources Ltd (formerly Lode Resources Pty Ltd) (the Company), which comprises the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration.

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

- (a) giving a true and fair view of the Company's the financial position as at 31 December 2020, 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 2020 and its performance for the half year ended on that date, and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Lode Resources Ltd (formerly Lode Resources Pty 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



SCOTT TOBUTT
PARTNER

12 FEBRUARY 2021
SYDNEY, NSW