

Lode Resources Ltd (formerly Lode Resources Pty Ltd)

ABN: 30 637 512 415

Financial Statements

For the Period Ended 30 June 2020

Lode Resources Ltd (formerly Lode Resources Pty Ltd)

ABN: 30 637 512 415

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For the Period Ended 30 June 2020

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Lode Resources Ltd (formerly Lode Resources Pty Ltd)

ABN: 30 637 512 415

Directors' Report

30 June 2020

The directors present their report on Lode Resources Ltd (formerly Lode Resources Pty Ltd) for the financial period ended 30 June 2020.

Directors

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

Andrew Van Heyst	Appointed 18 November 2019
Ted Leschke	Appointed 18 November 2019
Keith Mayes	Appointed 10 March 2020
Jason Beckton	Appointed 29 September 2020

Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

Principal activities

The principal activities of Lode Resources Ltd during the financial period were 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.

Operating results

The loss of the Company amounted to \$22,331, after providing for income tax.

Review of operations

As of 30 June 2020, the Company had been granted two exploration licences, those being EL8980 and EL8933. Subsequent to the balance date, the Company has been granted two additional exploration licences, those being 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 (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	29/10/2020	n/a	Gold	22	65	Application
Total					328	970	

Lode Resources Ltd (formerly Lode Resources Pty Ltd)

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Directors' Report

30 June 2020

Review of operations (cont'd)

Subsequent to 30 June 2020, Lode Resources Ltd carried out surface exploration activities and will continue to do so prior to an Initial Public Offering and listing on the Australian Stock Exchange which is planned for the March Quarter of 2021.

The aim of this surface work is to advance the Company's three lead projects (Uralla Gold, Webbs Consol Silver and Trough Gully Copper) to a "drill ready" status. This work has included geological mapping, soil sampling, rock chip sampling, acquiring and processing previous geophysical survey data and carrying out an extensive Induced Polarisation survey.

The Company has recently completed a pre-Initial Public Offering placement to professional and sophisticated investors raising \$773,000 before costs.

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Company during the period.

Dividends paid or recommended

No dividends were paid or declared during the period.

Events after the reporting date

On 12 October 2020, the Company was granted two new exploration licences, EL9003 Fender and EL9004 Elsinore. The licences have a combined exploration area of 318 km² with an expiry date of 12 October 2023.

During July 2020, the Company applied for two additional exploration licences, ELA6016 Tea Tree and ELA6020 Thor. In addition, on 29 October 2020, the Company applied for a further licence, ELA6153 Uralla West. Approval for these applications is pending as at the date of this report.

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 period 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

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.

Lode Resources Ltd (formerly Lode Resources Pty Ltd)

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Directors' Report

30 June 2020

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 is currently an Executive Director at Bridge Street Capital Partners.

Interest in Shares and Options 20,000,001 ordinary shares

Ted Leschke

Managing Director

Experience

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

Interest in Shares and Options 20,000,001 ordinary shares

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 CEO of Garnet International Group and formerly COO at ASX listed KGL Resources that is undertaking exploration and development of the large Jervois copper/silver/gold project in central Australia and COO at Altura Mining Ltd where he discovered the world class Pilgangoora lithium deposit.

Interest in Shares and options 300,000 ordinary shares

Lode Resources Ltd (formerly Lode Resources Pty Ltd)

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Directors' Report 30 June 2020

Information on directors

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 Bolbisi 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
Directorships held in other listed entities during the three years prior to the current year	Managing Director of ASX listed Prospech Ltd.

Key management personnel

Mitchell Tarrant	Project Manager
Experience	With more than 12 years' experience in the resources sector working as a geologist in both exploration and mining roles with companies including Red River Resources, Hillgrove Mines and Crocodile Gold. His most recent role was at the Hillgrove Mine where he was holder of the statutory Mining Engineering Manager Certificate in recent years. Mitchell also managed Hillgrove's 51 tenement and conducted all exploration from geological mapping to managing drilling campaigns. Mitchell is a member of the Australian Institute of Mining and Metallurgy (AusIMM).

Company secretary

Andrew Van Heyst and Ted Leschke were company secretaries from the date of incorporation to 15 September 2020. Marcelo Mora has been the company secretary since 15 September 2020.

Meetings of directors

During the financial period, 3 meetings of directors were held. Attendances by each director during the period were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Andrew Van Heyst	3	3
Ted Leschke	3	3
Keith Mayes	2	2
Jason Beckton	-	-

Lode Resources Ltd (formerly Lode Resources Pty Ltd)

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Directors' Report
30 June 2020

Indemnification and insurance of officers and auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial period, for any person who is or has been an officer or auditor of Lode Resources Ltd (formerly Lode Resources Pty Ltd).

Proceedings on behalf of company

No person has applied for leave of court under Section 237 of the *Corporations Act 2001* to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the period ended 30 June 2020 has been received and can be found on page 6 of the financial report.

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



Director:
Andrew Van Heyst



Director:
Ted Leschke

Dated 15 January 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 to the Directors of Lode Resources Ltd (formerly Lode Resources Pty Ltd)

I declare that, to the best of my knowledge and belief, during the period ended 30 June 2020, there have been:

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



PKF



SCOTT TOBUTT
PARTNER

15 JANUARY 2021
SYDNEY, NSW

Lode Resources Ltd (formerly Lode Resources Pty Ltd)

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**Statement of Profit or Loss and Other Comprehensive Income
For the Period Ended 30 June 2020**

	2020
	\$
Legal and professional expenses	(4,618)
Other expenses	<u>(17,713)</u>
Loss before income tax	(22,331)
Income tax expense	4 -
Loss for the period	<u>(22,331)</u>
Other comprehensive income	<u> </u>
Total comprehensive expense for the period	<u><u>(22,331)</u></u>

The accompanying notes form part of these financial statements.

Lode Resources Ltd (formerly Lode Resources Pty Ltd)

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Statement of Financial Position

As At 30 June 2020

	Note	2020 \$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	5	299,082
Trade and other receivables	6	1,073
TOTAL CURRENT ASSETS		300,155
NON-CURRENT ASSETS		
Other financial assets	7	20,000
Exploration and evaluation assets	8	30,699
TOTAL NON-CURRENT ASSETS		50,699
TOTAL ASSETS		350,854
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	9	8,163
TOTAL CURRENT LIABILITIES		8,163
TOTAL NON-CURRENT LIABILITIES		-
TOTAL LIABILITIES		8,163
NET ASSETS		342,691
EQUITY		
Issued capital	10	365,022
Accumulated losses		(22,331)
TOTAL EQUITY		342,691

The accompanying notes form part of these financial statements.

Lode Resources Ltd (formerly Lode Resources Pty Ltd)

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Statement of Changes in Equity
For the Period Ended 30 June 2020

2020

	Issued capital	Retained earnings	Total
	\$	\$	\$
Balance at 18 November 2019	-	-	-
Loss for the period	-	(22,331)	(22,331)
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	(22,331)	(22,331)
Transactions with owners in their capacity as owners			
Shares issued during the period	365,022	-	365,022
Balance at 30 June 2020	365,022	(22,331)	342,691

The accompanying notes form part of these financial statements.

Lode Resources Ltd (formerly Lode Resources Pty Ltd)

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Statement of Cash Flows
For the Period Ended 30 June 2020

	2020
Note	\$
CASH FLOWS FROM OPERATING ACTIVITIES:	
Payments to suppliers	(37,584)
GST recovered	<u>2,343</u>
Net cash used in operating activities	17 <u>(35,241)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Payments in relation to exploration and evaluation activities	<u>(30,699)</u>
Net cash used in investing activities	<u>(30,699)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Issues of shares	<u>365,022</u>
Net cash provided by financing activities	<u>365,022</u>
Net increase in cash and cash equivalents held	299,082
Cash and cash equivalents at beginning of the period	<u>-</u>
Cash and cash equivalents at end of the financial period	5 <u><u>299,082</u></u>

The accompanying notes form part of these financial statements.

Lode Resources Ltd (formerly Lode Resources Pty Ltd)

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Notes to the Financial Statements

For the Period Ended 30 June 2020

The 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 financial report was authorised for issue by the Directors on 15 January 2021.

The Company was incorporated on 18 November 2019 and accordingly this is the first financial report presented.

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

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the *Corporations Act 2001*.

These financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial statements have been prepared on a historical cost basis.

2 Summary of Significant Accounting Policies

(a) Income tax

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the period and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period.

Notes to the Financial Statements

For the Period Ended 30 June 2020

2 Summary of Significant Accounting Policies (cont'd)

(b) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(c) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the normal operating cycle; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the normal operating cycle; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

(d) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(e) Financial instruments

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- amortised cost

Notes to the Financial Statements

For the Period Ended 30 June 2020

2 Summary of Significant Accounting Policies (cont'd)

(e) Financial instruments (cont'd)

Financial assets (cont'd)

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Notes to the Financial Statements

For the Period Ended 30 June 2020

2 Summary of Significant Accounting Policies (cont'd)

(e) Financial instruments (cont'd)

Financial assets (cont'd)

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables, bank and other loans and lease liabilities.

(f) Exploration and development expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. As the asset is not available for use it is not depreciated or amortised.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the period in which the decision to abandon that area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(g) Impairment of non-financial assets

At the end of each reporting period, the Company determines whether there is an evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

Notes to the Financial Statements

For the Period Ended 30 June 2020

2 Summary of Significant Accounting Policies (cont'd)

(g) Impairment of non-financial assets (cont'd)

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(h) Share capital

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

(i) 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.

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 \$30,699.

Lode Resources Ltd (formerly Lode Resources Pty Ltd)

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Notes to the Financial Statements For the Period Ended 30 June 2020

4 Income Tax Expense

2020

\$

(a) Reconciliation of income tax to accounting profit:

Prima facie tax payable on profit from ordinary activities before income tax at 27.5%:

(6,141)

Add tax effect of:

- non-deductible expenses

365

- deferred tax assets not recognised

5,776

Income tax expense

-

5 Cash and Cash Equivalents

Cash at bank and in hand

299,082

6 Trade and Other Receivables

CURRENT

GST receivable

1,073

7 Other Financial Assets

NON-CURRENT

Security deposits

20,000

The carrying value of other financial assets is considered to be a reasonable approximation of their fair value.

8 Exploration and Evaluation Assets

Exploration and evaluation

30,699

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.

9 Trade and Other Payables

CURRENT

Related party payables

8,163

10 Issued Capital

46,460,002 Ordinary shares

365,022

Lode Resources Ltd (formerly Lode Resources Pty Ltd)

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Notes to the Financial Statements For the Period Ended 30 June 2020

10 Issued Capital (cont'd)

(a) Ordinary shares

	No.
At the beginning of the reporting period	-
Shares issued during the period	<u>46,460,002</u>
At the end of the reporting period	<u><u>46,460,002</u></u>

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its shares.

(b) Capital Management

The key objectives of the Company when managing capital is to safeguard its ability to continue as a going concern and maintain optimal benefits to stakeholders. The Company defines capital as its equity and net debt.

The Company manages its capital structure and makes funding decisions based on the prevailing economic environment and has a number of tools available to manage capital risk. These include maintaining a diversified debt portfolio, the ability to adjust the size and timing of dividends paid to shareholders and the issue of new shares.

11 Auditors' Remuneration

	2020
	\$
Remuneration of the auditor, PKF, for: - auditing or reviewing the financial statements	<u><u>11,000</u></u>

12 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2020.

Lode Resources Ltd (formerly Lode Resources Pty Ltd)

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Notes to the Financial Statements

For the Period Ended 30 June 2020

13 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	Licence	Grant / application date	Work Program Commitment			Total \$
			Year 1 \$	Year 2 \$	Year 3 \$	
Uralla	EL8980	16/01/2020	60,000	80,000	80,000	220,000
Webbs Consol	EL8933	14/05/2020	35,000	40,000	50,000	125,000
Fender	EL9003	12/10/2020	45,000	55,000	65,000	165,000
Elsinore	EL9004	12/10/2020	30,000	45,000	45,000	120,000
Total commitment			170,000	220,000	240,000	630,000
Tea Tree	ELA6016	06/07/2020	35,000	40,000	50,000	125,000
Thor	ELA6020	06/07/2020	45,000	55,000	65,000	165,000
Uralla West	ELA6153	29/10/2020	20,000	25,000	25,000	70,000
Total budgeted expenditure			100,000	120,000	140,000	360,000
Total			270,000	340,000	380,000	990,000

Other than the work program commitments above, the Company had no leasing or capital commitments at 30 June 2020.

14 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.

The most significant financial risks to which the Company is exposed to are described below:

Specific risks

- Liquidity risk
- Credit risk

Lode Resources Ltd (formerly Lode Resources Pty Ltd)

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Notes to the Financial Statements For the Period Ended 30 June 2020

14 Financial Risk Management (cont'd)

Financial instruments used

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

	2020
	\$
Financial assets	
Held at amortised cost	
Cash and cash equivalents	299,082
Security deposits	20,000
Total financial assets	<u>319,082</u>
Financial liabilities	
Financial liabilities at amortised cost	8,163
Total financial liabilities	<u>8,163</u>

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 will be 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.

Lode Resources Ltd (formerly Lode Resources Pty Ltd)

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Notes to the Financial Statements For the Period Ended 30 June 2020

15 Key Management Personnel Remuneration

No remuneration was paid to key management personnel during the period.

16 Related Parties

(a) **The Company's main related parties are as follows:**

Key management personnel who comprise the Board of Directors and Mitchell Tarrant (Project Manager).

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.

(b) **Transactions with related parties**

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

During the period, certain Company expenses were paid by Directors or entities controlled by Directors and reimbursed by the Company. At the period end, an amount of \$8,163 was owed to Ted Leschke.

17 Cash Flow Information

(a) **Reconciliation of result for the period to cashflows from operating activities**

Reconciliation of net income to net cash provided by operating activities:

	2020
	\$
Loss for the period	(22,331)
Cash flows excluded from profit attributable to operating activities	
Non-cash flows in profit:	
Changes in assets and liabilities:	
- increase in trade and other receivables	(1,073)
- increase in other financial assets	(20,000)
- increase in trade and other payables	8,163
Cashflows from operations	<u>(35,241)</u>

18 Events Occurring After the Reporting Date

The financial report was authorised for issue on 15 January 2021 by the board of directors.

On 12 October 2020, the Company was granted two new exploration licences, EL9003 Fender and EL9004 Elsinore. The licences have a combined exploration area of 318 km² with an expiry date of 12 October 2023.

During July 2020, the Company applied for two additional exploration licences, ELA6016 Tea Tree and ELA6020 Thor. In addition, on 29 October 2020, the Company applied for a further licence, ELA6153 Uralla West. Approval for these applications is pending as at the date of this report.

Lode Resources Ltd (formerly Lode Resources Pty Ltd)

ABN: 30 637 512 415

Notes to the Financial Statements For the Period Ended 30 June 2020

18 Events Occurring After the Reporting Date (cont'd)

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 period 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.

19 Statutory Information

The registered office 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 financial statements and notes for the period ended 30 June 2020 are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards, which, as stated in basis of preparation Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position and performance of the Company;
- 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 15 January 2021

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Lode Resources Ltd (formerly Lode Resources Pty Ltd) (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (a) Giving a true and fair view of the company's financial position as at 30 June 2020, and of its financial performance for the period then ended; and
- (b) Complying with the Australian Accounting Standards and 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.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the period ended 30 June 2020 but does not include the financial report and our auditor's report thereon.

Other Information (cont'd)

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 has 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.

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

- 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 Company 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.



PKF



SCOTT TOBUTT
PARTNER

15 JANUARY 2021
SYDNEY, NSW