



DREADNOUGHT

— R E S O U R C E S —

Interim Financial Report

For the half-year ended 31 December 2021

ABN 40 119 031 864

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Corporate Directory

Directors

Paul Chapman (Non-executive Chairman)
Dean Tuck (Managing Director)
Ian Gordon (Non-executive Director)
Paul Payne (Non-executive Director)

Company Secretary

Jessamyn Lyons

Registered Office & Postal Address

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West Perth WA 6005
PO Box 646
West Perth WA 6872
Telephone: +61 (0) 428 824 343
Website: www.dreadnoughtresources.com.au

ABN 40 119 031 864

Share Registry

Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace
Perth, WA 6000 Australia
(within Australia) 1300 850 505
(international) 61 3 9415 4000

Auditors

Nexia Perth Audit Services Pty Ltd
Level 3, 88 William Street
Perth WA 6000

Stock Exchange

Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
ASX Code: DRE

Directors' Report

The Directors submit their Interim Financial Report of the '**Consolidated Entity**' or '**Group**', being Dreadnought Resources Limited ('**Dreadnought**' or the '**Company**') and its Controlled entities, for the half-year ended 31 December 2021 (the "**half-year**" or the '**period**').

1. BOARD OF DIRECTORS

The Directors of the Company at any time during or since the end of the period are as follows:

Paul Chapman	Non-executive Chairman (appointed 9 April 2019)
Dean Tuck	Managing Director (appointed 9 April 2019)
Ian Gordon	Non-executive Director (appointed on 21 December 2017)
Paul Payne	Non-executive Director (appointed on 21 December 2017)

2. OFFICERS OF THE COMPANY

Jessamyn Lyons	Company Secretary (appointed 1 July 2020)
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3. REVIEW OF OPERATIONS

(a) GROUP OVERVIEW

The Group is an ASX-listed exploration and development company focussing on copper, nickel, rare earths and gold projects within the state of Western Australia. The Company's strategy is to discover major copper, nickel, rare earths and gold deposits within Western Australia.

(b) HIGHLIGHTS & SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The highlights and significant changes in state of affairs during and subsequent to the end of the period include:

Project Highlights:

Tarraj-Yampi Ni-Cu-PGE & Au ("Tarraj-Yampi")

- During the period, RC drilling commenced at Orion, Fuso, Grant's Find and Paul's Find Cu-Au and Chianti-Rufina Cu-Pb-Zn-Ag targets and intersected significant Cu-Ag-Au massive sulphides at Orion, Cu-Au-Co at Grant's Find and Cu-Au-Co at Fuso. Ongoing target generation work confirmed high grade Cu-Ag-Bi-Sb at Rough Triangle. The current view is that these deposits form part of a large mineralised system.

Mangaroon Ni-Cu-PGE, REE & Au Project ("Mangaroon")

- A ~1km long outcropping gossanous horizon was identified along the Money Intrusion and FLEM surveys were undertaken along ~12 kms strike along the Money Intrusion.
- Further high-grade REE ironstone outcrops were confirmed over 2.5km of strike at Yin with an additional five REE ironstone outcrops identified off the Yin trend. An initial flotation circuit using bulk surface samples from Yin performed well, achieving a recovery of 92.8% at a concentrate grade of 12.3% Nd₂O₃. Based on Nd₂O₃ and CeO₂ to TREO ratios from the head sample analysis, this equates to an average 40% TREO grade concentrate. Mineralogical work on the concentrate confirmed that the REEs were hosted in monazite.
- An airborne magnetic and radiometric survey was completed resulting in the identification of additional REE and Niobium bearing veins and dykes, and the identification of multiple possible carbonatite intrusions.
- Field mapping and surface sampling has confirmed that the carbonatite intrusions are mineralised.

Directors' Report

Illaara Au-Cu-LCT-Iron Ore Project ("Illaara")

- A review of the LCT pegmatites at Peggy Sue including re-assay of drilling, mapping and surface sampling confirming a fertile LCT system with high grade Tantalum.
- A fixed loop EM survey has been undertaken at the Nelson and Trafalgar VMS prospects.
- Initiated review of Nickel sulphide potential within the Illaara Greenstone Belt.

Rocky Dam Gold & VMS Project ("Rocky Dam")

- In June 2021, Dreadnought entered into an agreement to divest Rocky Dam to Lycaon Resources Ltd, a then pre-IPO company that listed on the ASX on 17 November 2021.
- Dreadnought has received 500,000 Lycaon shares as consideration plus a 1% net smelter royalty over all minerals extracted from Rocky Dam.
- The divestment of Rocky Dam reduces annual tenement holding costs by ~\$150,000 and allows Dreadnought to focus on advancing its core Kimberley, Mangaroon and Illaara projects.

Corporate Highlights:

- On 2 July 2021, the Company granted 11,500,000 options via the Dreadnought Employee Option Plan ("EOP") to the current employees of the Company. The options have a \$0.04 exercise price and an expiry date of 2 July 2024.
- On 26 July 2021, the Convertible Loan Note holders elected to convert their notes into 109,090,909 fully paid ordinary shares thereby reducing debt by \$600,000 to nil. The notes were issued following approval by shareholders in August 2019 at a face value of \$600,000 with a conversion price of \$0.0055 per share.
- In July and August 2021, employees of the Company exercised 20,000,000 options for a total of \$180,000.
- On 1 September 2021, the Company issued 2,000,000 options via the Dreadnought Employee Option Plan ("EOP") to an employee of the Company. The options have a \$0.06 exercise price and an expiry date of 11 August 2024.
- In September 2021, the Company completed a heavily oversubscribed placement at \$0.035 per share to institutional and sophisticated investors raising \$7,900,000 (before costs). Directors contributed \$90,000 via the placement (as approved by shareholders at the AGM held on 24 November 2021). In addition to their participation in the placement, the Directors exercised 8,479,452 options for a total of \$68,699 and maintain 15% ownership, bringing their total investment to ~\$1.46 million.
- On 30 November 2021, the Company issued a total of 7,000,000 options to an employee and director of the Company. 2,000,000 options have an exercise price of \$0.06 and an expiry of 26 November 2024 while the 5,000,000 options have an exercise price of \$0.04 and expiry of 2 July 2024.
- Also on 30 November 2021, the Company issued 750,000 shares amounting to \$28,500 to complete the acquisition of a tenement at the Company's Mangaroon Project.
- On 2 December 2021, employees of the Company exercised 2,000,000 options for a total of \$27,500.

Directors' Report

INVESTMENT HIGHLIGHTS

Kimberley Ni-Cu-Au Projects

Dreadnought controls the second largest land holding in the highly prospective West Kimberley region of WA. The main project area, Tarraji-Yampi, is located only 85kms from Derby and has been locked up as a Defence Reserve since 1978.

Tarraji-Yampi presents a rare first mover opportunity with known outcropping mineralisation and historic workings from the early 1900's which have seen no modern exploration.

Results to date indicate that there may be a related, large scale, Proterozoic Cu-Au-Ag-Bi-Sb-Co system at Tarraji-Yampi, similar to Cloncurry / Mt Isa in Queensland and Tennant Creek in the Northern Territory.

Mangaroon Ni-Cu-PGE, REE & Au Project

Mangaroon is a first mover opportunity covering ~4,500sq kms of tenure located 250kms south-east of Exmouth in the Gascoyne Region of WA. During the region's early history, there was limited government support for exploration resulting in the region being vastly underexplored.

Since acquiring the project in late 2020, Dreadnought has located: outcropping high-grade gold bearing quartz veins along the Edmund and Minga Bar Faults; outcropping high tenor Ni-Cu-PGE blebby sulphides in the recently defined Money Intrusion; and outcropping high-grade REE ironstones, similar to those under development at the Yangibana REE Project.

Illaara Gold, Base Metals, Critical Minerals & Iron Ore Project

Illaara is located 190km northwest of Kalgoorlie in the Yilgarn Craton and covers 75kms of strike along the Illaara Greenstone Belt. Illaara is prospective for typical Archean mesothermal lode gold deposits, VMS base metals and critical metals including Lithium-Caesium-Tantalum.

Dreadnought has consolidated the Illaara Greenstone Belt mainly through an acquisition from Newmont Exploration Pty Ltd ("Newmont"). Prior to Newmont, the Illaara Greenstone Belt was predominantly held by iron ore explorers and remains highly prospective for iron ore.



Directors' Report

Competent Person's Statement

The information in this report that relates to geology and exploration results and planning was compiled by Mr Dean Tuck, who is a Member of the AIG and a director and shareholder of the Company. Mr Tuck has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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 Tuck consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

The Company confirms that it is not aware of any new information or data that materially affects the information in the original reports, and that the form and context in which the Competent Persons findings are presented have not been materially modified from the original reports.

4. FINANCIAL PERFORMANCE & FINANCIAL POSITION

The financial results of the Group for the half-year ended 31 December 2021 are:

	31-Dec-21	30-Jun-21	% Change
Cash and cash equivalents (\$)	5,671,659	2,645,136	114%
Net assets (\$)	19,689,990	12,158,775	62%

	31-Dec-21	31-Dec-20	% Change
Interest income (\$)	-	-	-0%
Net loss after tax (\$)	(978,146)	(541,864)	81%
Loss per share (cents) *	(0.04)	(0.03)	-0%

* see the Consolidated Statement of Profit or Loss and Other Comprehensive Income for further details

5. SUBSEQUENT EVENTS

On 31 January 2022, the Company issued 1,500,000 ordinary shares on the early exercise of options, which were exercisable at any time until 1 October 2023 at an exercise price of \$0.010 per option. The amount raised on the exercise of the options was \$15,000.

The impact of the Coronavirus (COVID-19) pandemic is ongoing, as such, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

There has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Directors' Report

6. AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Independence Declaration by the lead auditor under Section 307C is included on page 7 to the Interim Financial Report.

Signed in accordance with a resolution of the Board of Directors.



Dean Tuck
Managing Director
Perth, 16 March 2022

To the Board of Directors of Dreadnought Resources Limited

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

I declare that to the best of my knowledge and belief, in relation to the review of the interim financial report for the period ended 31 December 2021 there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) any applicable code of professional conduct in relation to the review.

Yours sincerely



Nexia Perth Audit Services Pty Ltd



M. Janse Van Nieuwenhuizen
Director

Perth
16 March 2022

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	31-Dec-21 \$	31-Dec-20 \$
Other income		3,656	-
Gain on fair value of financial asset		80,000	-
Grant income		-	55,973
Administration expenses		(420,461)	(374,982)
Depreciation expense		(7,439)	-
Interest expense		(32,043)	(40,526)
Exploration and evaluation expenditure		(324,746)	(49,666)
Legal fees		(31,467)	(6,817)
Impairment of exploration and evaluation expenditure		(75,641)	(6,246)
Employee benefits expense		(170,005)	(119,600)
Loss before income tax for the period		(978,146)	(541,864)
Income tax expense		-	-
Loss after income tax for the period		(978,146)	(541,864)
Other comprehensive loss for the period		-	-
Total comprehensive loss for the period		(978,146)	(541,864)
Loss per share attributable to ordinary equity holders			
- Basic loss per share (cents)	13	(0.04)	(0.03)
- Diluted loss per share (cents)	13	(0.04)	(0.03)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Financial Position

	Notes	31-Dec-21 \$	30-Jun-21 \$
ASSETS			
Current assets			
Cash and cash equivalents		5,671,659	2,645,136
Trade and other receivables		107,337	157,172
Other assets		266,948	334,613
Exploration asset held for sale		-	100,000
Total current assets		6,045,944	3,236,921
Non-current assets			
Property, plant and equipment	3	418,055	-
Exploration assets	4	13,459,460	10,371,428
Financial asset	5	180,000	-
Total non-current assets		14,057,515	10,371,428
Total assets		20,103,459	13,608,349
LIABILITIES			
Current liabilities			
Trade and other payables	6	129,750	807,641
Provisions		62,986	62,986
Lease liabilities	7	27,677	-
Total current liabilities		220,413	870,627
Non-current liabilities			
Lease liabilities	7	193,056	-
Financial liabilities	8	-	578,947
Total non-current liabilities		193,056	578,947
Total liabilities		413,469	1,449,574
Net assets		19,689,990	12,158,775
EQUITY			
Issued capital	9	60,416,195	52,030,339
Reserves	10	504,578	904,031
Accumulated losses		(41,230,783)	(40,775,595)
Total equity		19,689,990	12,158,775

The Consolidated Statement of Financial Position is to be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Changes in Equity

	Issued Capital \$	Share Based Payments Reserve \$	Accumulated Losses \$	Equity Reserve \$	Total Equity \$
At 1 July 2020	43,389,962	664,500	(39,497,730)	39,520	4,596,252
Comprehensive income					
Loss for the period	-	-	(541,864)	-	(541,864)
Other comprehensive loss	-	-	-	-	-
Total comprehensive loss for the period	-	-	(541,864)	-	(541,864)
Transactions with owners in their capacity as owners:					
Share issues, net of transaction costs and tax	4,712,406	-	-	-	4,712,406
Exercise of options	542,500	-	-	-	542,500
Issue of options	-	65,321	-	-	65,321
As at 31 December 2020	48,644,868	729,821	(40,039,594)	39,520	9,374,615
	Issued Capital \$	Share Based Payments Reserve \$	Accumulated Losses \$	Equity Reserve \$	Total Equity \$
At 1 July 2021	52,030,339	848,312	(40,775,595)	55,719	12,158,775
Comprehensive income					
Loss for the period	-	-	(978,146)	-	(978,146)
Other comprehensive loss	-	-	-	-	-
Total comprehensive loss for the period	-	-	(978,146)	-	(978,146)
Transactions with owners in their capacity as owners:					
Share issues, net of transaction costs and tax	7,509,657	-	-	-	7,509,657
Conversion of convertible notes	600,000	-	55,719	(55,719)	600,000
Exercise of options	276,199	(467,239)	467,239	-	276,199
Issue of options	-	123,505	-	-	123,505
As at 31 December 2021	60,416,195	504,578	(41,230,783)	-	19,689,990

The Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Cash Flows

	31-Dec-21	31-Dec-20
	\$	\$
Cash flows from operating activities		
Payment to suppliers and employees	(803,135)	(495,247)
Receipt from JV partner	100,000	-
Interest and other costs of finance paid	(5,711)	(30,003)
Government grants	-	55,973
Net cash outflow from operating activities	(708,846)	(469,277)
Cash flows from investing activities		
Payment for property, plant and equipment	(205,723)	(749)
Payment for exploration and evaluation activities	(3,804,539)	(2,625,745)
Net cash outflow from investing activities	(4,010,262)	(2,626,494)
Cash flows from financing activities		
Proceeds from the issue of shares	8,000,000	5,036,000
Share issue costs	(518,843)	(323,594)
Payment of lease liability	(11,725)	-
Proceeds from exercise of options	276,199	542,500
Net cash inflow from financing activities	7,745,631	5,254,906
Cash and cash equivalents at the beginning of the period	2,645,136	464,099
Net increase in cash and cash equivalents	3,026,523	2,159,135
Cash and cash equivalents at the end of the period	5,671,659	2,623,234

The Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying notes.

Notes to the Condensed Consolidated Financial Statements

1. CORPORATE INFORMATION

Dreadnought Resources Limited (referred to as '**Dreadnought**' or the '**Company**' or '**Parent Entity**') is a Company domiciled in Australia. The address of the Company's registered office and principal place of business is disclosed in the Corporate Directory of this report. The Interim Financial Report of the Company as at and for the half-year ended 31 December 2021 (the "**half-year**" or the "**period**") comprise the Company and its subsidiaries (together referred to as the '**Consolidated Entity**' or the '**Group**'). The Group is primarily involved in exploration and development with a focus on discovering economic deposits in Western Australia.

2. BASIS OF PREPARATION

The Interim Financial Report is a condensed financial report prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134: *Interim Financial Reporting*.

The Interim Financial Report has been prepared on a going concern basis in accordance with the historical cost convention, unless otherwise stated.

The Interim Financial Report does not include all notes of the type normally included within the Annual Financial Report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position, financing and investing activities of the Company as the full financial report. Accordingly, this Interim Financial Report is to be read in conjunction with the Annual Financial Report for the year ended 30 June 2021 and considered together with any public announcements made by the Company during the period and up to the date of this report in accordance with the continuous disclosure obligations of the ASX Listing Rules.

The Interim Financial Report of Dreadnought Resources Limited was authorised for issue in accordance with a resolution of the directors on 16 March 2022.

(a) Summary of the significant accounting policies

The Group has applied all new and revised Australian Accounting Standards that apply to annual reporting periods beginning on or after 1 January 2021.

Standards and Interpretations applicable to 31 December 2021

In the period ended 31 December 2021, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no material change is necessary to Group accounting policies.

(b) Key estimates

The preparation of the Interim Financial Report requires management to make estimates and judgments. These estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

Please refer to the Group's 30 June 2021 Annual Financial Report for information on the Group's judgements, estimates and assumptions.

Notes to the Condensed Consolidated Financial Statements

2. BASIS OF PREPARATION (CONT'D)

(c) Going Concern

The Interim Financial Report has been prepared on a going concern basis which assumes the Company and Group will have sufficient funds to pay its debts, as and when they become payable, for a period of at least 12 months from the date the Interim Financial Report is authorised for issue.

As at 31 December 2021, the Group had net assets of \$19,689,990 (30 June 2021: \$12,158,775). During the half-year, the Group had cash outflows from operating activities of \$708,846 (31 December 2020: \$469,277) and cash outflows from investing activities (including payments for exploration and evaluation activities) of \$4,010,262 (31 December 2020: \$2,626,494).

Based on a cash flow forecast prepared by management, the Company's working capital surplus at 31 December 2021 and the Company's ability to raise funds and to reduce costs if necessary, the Directors consider the going concern basis of preparation to be appropriate.

3. PROPERTY, PLANT AND EQUIPMENT

	31-Dec-21	30-Jun-21
	\$	\$
Leasehold improvements – at cost	103,342	-
Motor vehicles – at cost	104,439	-
Less: Accumulated depreciation	(7,439)	-
	97,000	-
Right of use asset – at cost	227,713	-
Less: Accumulated amortisation	(9,466)	-
	217,713	-
Total property, plant and equipment	418,055	-

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Leasehold improvements \$	Motor vehicles \$	Right of use assets \$	Total \$
Balance at 1 July 2021	-	-	-	-
Additions	103,342	104,439	-	207,781
Right of use asset at inception of lease	-	-	227,179	227,179
Depreciation expense	-	(7,439)	-	(7,439)
Amortisation of right of use asset	-	-	(9,466)	(9,466)
Balance at 31 December 2021	103,342	97,000	217,713	418,055

Notes to the Condensed Consolidated Financial Statements

4. EXPLORATION AND EVALUATION EXPENDITURE

	31-Dec-21	30-Jun-21
	\$	\$
Exploration and evaluation expenditure		
Capitalised exploration and evaluation expenditure at cost	13,534,435	10,371,428
Balance at the beginning of the period	10,371,428	5,104,501
Expenditure incurred	3,163,673	5,582,096
Impairment/written off	(75,641)	(315,169)
Balance at the end of the period	13,459,460	10,371,428

The ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and commercial exploitation.

5. FINANCIAL ASSETS

	31-Dec-21	30-Jun-21
	\$	\$
Investment in listed entity:		
Fair value at beginning of the period/year	-	-
Additions at cost	100,000	-
Change in fair value	80,000	-
Fair value at end of the period/year	180,000	-

In June 2021, the Group entered into an agreement to divest tenements in its Rocky Dam projects to Lycaon Resources Ltd, a then pre-IPO company that listed on the ASX on 17 November 2021. The Group received 500,000 Lycaon shares as consideration plus a 1% net smelter royalty over all minerals extracted from Rocky Dam. The shares were recognised at a cost of \$0.20 per share totalling \$100,000 based on the sale and purchase agreement. As at 31 December 2021, the investment was revalued to reflect the share price as of that date which resulted in a gain in fair value of \$80,000. There were no financial assets as at 30 June 2021.

6. TRADE AND OTHER PAYABLES

	31-Dec-21	30-Jun-21
	\$	\$
Trade creditors	61,270	739,233
Accruals	15,603	24,574
PAYG and wages payable	21,772	22,443
Superannuation payable	25,643	21,391
Others	5,462	-
	129,750	807,641

Notes to the Condensed Consolidated Financial Statements

7. LEASE LIABILITIES

	31-Dec-21	30-Jun-21
	\$	\$
Lease liability – current portion	27,677	-
Lease liability – noncurrent portion	193,056	-
	220,733	-

8. FINANCIAL LIABILITIES

	31-Dec-21	30-Jun-21
	\$	\$
Convertible notes – liability component	-	578,947
	-	578,947

The Group received a total amount of \$600,000 from issuing Convertible Notes in June 2019. The Convertible Notes which had an annual interest rate of 10% were determined to be a compound financial instrument, resulting in a split between liability and equity components. On 26 July 2021, the Convertible Loan Note holders elected to convert their Convertible Notes into 109,090,909 fully paid ordinary shares at \$0.0055 per share thereby reducing debt to nil.

Notes to the Condensed Consolidated Financial Statements

9. ISSUED CAPITAL

(a) Issued capital

		31-Dec-21	30-Jun-21
		\$	\$
Ordinary shares fully paid		60,416,195	43,389,962

		Number of shares	\$
Date	Opening balance 1 July 2020	1,891,680,768	43,389,962
16/07/2020	Options exercised	17,500,000	137,500
05/08/2020	Options exercised	1,000,000	5,000
13/08/2020	Share Placement - Sophisticated and professional investors	170,666,673	1,536,000
20/08/2020	Options exercised	15,000,000	75,000
19/10/2020	Options exercised	10,000,000	100,000
26/10/2020	Options exercised	21,000,000	165,000
30/10/2020	Share Placement - Sophisticated and professional investors	125,000,000	3,500,000
19/11/2020	Options exercised	10,000,000	60,000
07/04/2021	Options exercised	2,000,000	110,000
19/04/2021	Share Placement – Sophisticated and professional investors	166,666,667	3,000,000
06/05/2021	Share Purchase Plan – Eligible shareholders	27,777,653	499,998
	Less: Transaction costs	-	(548,121)
	Closing balance 30 June 2021	2,468,291,761	52,030,339

		Number of shares	\$
Date	Opening balance 1 July 2021	2,468,291,761	52,030,339
12/07/2021	Options exercised	10,000,000	80,000
23/07/2021	Conversion of Notes	109,090,909	600,000
4/08/2021	Options exercised	10,000,000	100,000
13/09/2021	Options exercised	3,000,000	15,000
13/09/2021	Options exercised	5,479,452	53,699
21/09/2021	Placement	226,000,000	7,910,000
30/11/2021	Issues of shares to Perger Group	750,000	28,500
30/11/2021	Director Participation in Placement	2,571,429	90,000
30/11/2021	Options exercised	750,000	15,000
2/12/2021	Options exercised	1,250,000	12,500
	Less: Transaction costs	-	(518,843)
	Closing balance 31 December 2021	2,837,183,551	60,416,195

Notes to the Condensed Consolidated Financial Statements

9. ISSUED CAPITAL (CONTD.)

(b) Share options

At 31 December 2021, there were 79,000,000 unissued ordinary shares under option (30 June 2021: 88,979,452 options). The details of the unlisted options are as follows:

Number	Exercise Price \$	Expiry Date
20,000,000	0.060	25 May 23
30,000,000	0.050	9 Apr 24
3,500,000	0.050	30 Jun 24
4,250,000	0.010	1 Oct 23
750,000	0.020	31 Oct 23
16,500,000	0.040	2 Jul 24
2,000,000	0.060	11 Aug 24
2,000,000	0.060	26 Nov 24

For further information as to the movement in options during the half-year ended 31 December 2021 refer to Note 10: Reserves.

10. RESERVES

	31-Dec-21	30-Jun-21
	\$	\$
Share-based payments reserve (a)	504,578	848,312
Equity Reserve	-	55,719
	504,578	904,031

(a) Movement in share-based payments reserve

Movements in the share-based payments reserve for the half-year ended 31 December 2021 related to the issue of options to Directors and employees. These options were issued as incentives in order to align the interests of the recipients with that of the Group.

Summarised below is a reconciliation of the movement of the share-based payment reserve for each issue of options during the half-year ended 31 December 2021:

Grant Date	At beginning of period	Number of options	\$
02/07/2021	Options issued - employees ⁽¹⁾	88,979,452	848,312
11/08/2021	Options issued - employee ⁽²⁾	11,500,000	84,649
24/11/2021	Options issued - Managing Director ⁽³⁾	2,000,000	20,014
29/11/2021	Options issued - employee ⁽⁴⁾	5,000,000	14,210
		2,000,000	4,632
	Options exercised during the period	(30,479,452)	-
	Reclassification of exercised options to accumulated losses	-	(467,239)
	At end of period	79,000,000	504,578

Notes to the Condensed Consolidated Financial Statements

10. RESERVES (CONTD.)

(b) Fair value of options issued during the period

- (1) On 2 July 2021, the Company granted 11,500,000 options via the Dreadnought Employee Option Plan to employees of the Company who are not related parties of the Company. The exercise price of the options is \$0.04 and will expire on 2 July 2024. These options will vest to the employees at 50% on 12 months of continued employment and 50% on 24 months of continued employment.

The options were deemed to have a fair value at grant date of \$0.0197 per option. This value was calculated using the Black-Scholes option pricing model applying the following inputs:

Share price	\$0.025
Exercise price	\$0.04
Expected volatility	158.33%
Risk free interest rate	0.18%
Useful life	3 years

- (2) On 11 August 2021, the Company granted an employee of the Company who is not a related party of the Company, 2,000,000 Options under the Dreadnought Employee Option Plan. The exercise price of the options is \$0.06 and will expire on 11 August 2024. These options will vest to the employee at 50% on 12 months of continued employment and 50% on 24 months of continued employment.

The options were deemed to have a fair value of \$0.0343 per option. This value was calculated using the Black-Scholes option pricing model applying the following inputs:

Share price	\$0.042
Exercise price	\$0.06
Expected volatility	164.28%
Risk free interest rate	0.19%
Useful life	3 years

- (3) On 24 November 2021, the Company granted the Managing Director of the Company, 5,000,000 Options under the Dreadnought Employee Option Plan. The exercise price of the options is \$0.04 and will expire on 2 July 2024. These options will vest to the employee at 50% on 12 months of continued employment and 50% on 24 months of continued employment.

The options were deemed to have a fair value of \$0.0374 per option. This value was calculated using the Black-Scholes option pricing model applying the following inputs:

Share price	\$0.046
Exercise price	\$0.04
Expected volatility	157.46%
Risk free interest rate	0.99%
Useful life	3 years

- (4) On 29 November 2021, the Company granted an employee of the Company who is not a related party of the Company, 2,000,000 Options under the Dreadnought Employee Option Plan. The exercise price of the options is \$0.06 and will expire on 26 November 2024. These options will vest to the employee at 50% on 12 months of continued employment and 50% on 24 months of continued employment.

Notes to the Condensed Consolidated Financial Statements

10. RESERVES (CONTD.)

The options were deemed to have a fair value of \$0.0352 per option. This value was calculated using the Black-Scholes option pricing model applying the following inputs:

Share price	\$0.044
Exercise price	\$0.06
Expected volatility	157.20%
Risk free interest rate	0.92%
Useful life	3 years

11. SEGMENT INFORMATION

The Directors have considered the requirements of AASB 8 *Operating Segments* and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources and have concluded that at this time are no separately identifiable segments. The principal products and services of this operating segment are the mining and exploration operations predominately in Western Australia.

12. RELATED PARTIES

(a) Transactions with related parties

During the half-year ended 31 December 2021, the Managing Director, Dean Tuck received 5,000,000 options as part of the Dreadnought's Employee Option Plan (Refer to Note 10).

There are no other transactions with KMP during the half-year ended 31 December 2021.

(b) Subsidiaries:

The consolidated financial statements include the financial statements of Dreadnought Resources Ltd and the following subsidiaries:

Name of subsidiary	% ownership interest	% ownership interest
	31-Dec-21	30-Jun-21
Dreadnought Holdings Pty Ltd (deregistered in Jan 2021)	100	100
Dreadnought Exploration Pty Ltd (formerly Dreadnought Kimberly Pty Ltd)	100	100
Dreadnought Yilgarn Pty Ltd	100	100

13. LOSS PER SHARE

	31-Dec-21	30-Jun-21
	\$	\$
Loss per share (basic and diluted) (cents per share)	(0.04)	(0.03)
Loss for the period (\$)	(978,146)	(541,864)
Weighted average number of ordinary shares (number)	2,711,144,266	2,103,933,960

Notes to the Condensed Consolidated Financial Statements

14. DIVIDENDS

No dividends have been paid or declared since the start of the half-year, and none are recommended.

15. COMMITMENTS

In order to maintain current rights of tenure to exploration tenements, the Group will be required to outlay amounts totalling \$2,734,428 at 31 December 2021 (30 June 2021: \$3,003,000) in respect of tenement lease rentals and to meet minimum expenditure requirements.

16. CONTINGENCIES

In December 2019, the Company signed an agreement with Melville Raymond Dalla-Costa ("Dalla-Costa"), granting the Company an exclusive license and option to acquire 100% interest in tenement E30/485 and E29/965. The Company has paid an Initial Option Fees of \$100,000 on 12 December 2019. The option term may be extended for an additional fifteen (15) months by the Company given an extension notice to Dalla-Costa and paying the option extension fee no less than 30 days prior to the expiry of the Option term. Upon the Company giving an exercise notice, Dalla-Costa agrees to sell and the Company agrees to purchase the tenement free from all encumbrances in consideration for \$1 million.

As part of the consideration for the acquisition of tenement E04/2560, E29/1050, E29/957, E29/959, E30/471, E30/476, E08/3178, E08/3274, E08/3275, E09/2359, E09/2370, E09/2384, E09/2433, E09/2448, E09/2449, E09/2450 from relevant parties, the Company has the obligation to pay royalties, which only become due and payable when and if mining commences.

There were no other material contingent liabilities or contingent assets for the half-year ended 31 December 2021.

17. SUBSEQUENT EVENTS

On 31 January 2022, the Company issued 1,500,000 ordinary shares on the early exercise of options, which were exercisable at any time until 1 October 2023 at an exercise price of \$0.010 per option. The amount raised on the exercise of the options was \$15,000.

The impact of the Coronavirus (COVID-19) pandemic is ongoing, as such, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

There have not been any other significant events that have arisen since 31 December 2021 and up to the date of this report that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Directors' Declaration

The Directors of the Company declare that:

- (a) The financial statements and notes of the Group are in accordance with the *Corporations Act 2001*, and:
- (i) give a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date.
 - (ii) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.
- (b) In the Director's opinion there are reasonable grounds to believe that the Group 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 and is signed on behalf of the Directors by:



Dean Tuck
Managing Director
Perth, 16 March 2022

Independent Auditor's Review Report to the members of Dreadnought Resources Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying interim financial report of Dreadnought Resources Limited (the "Company") and its controlled entities (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2021, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, 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 interim financial report of Dreadnought Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional & 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 annual 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 review report.

Responsibility of the Directors for the Interim 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 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the interim financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim 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 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an interim 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.

NPAS

Nexia Perth Audit Services Pty Ltd



M. Janse Van Nieuwenhuizen

Director

Perth
16 March 2022