Dreadnought Resources Limited

(Formerly known as Tychean Resources Limited)

Interim Financial Report

For The Half Year Ended 31 December 2018

To be read in conjunction with the 30 June 2018 Annual Report

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Directors' Report
For the Half Year Ended 31 December 2018

Your directors present their report on the consolidated entity consisting of Dreadnought Resources Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2018.

Directors

The following persons were directors of Dreadnought Resources Limited at any time during the half year and up to the date of this report:

Duncan Lachlan Gordon (Non-Executive Chairman, appointed on 21 December 2017)
Ian James Gordon (Non-Executive Director, appointed on 21 December 2017)
Paul Charles Payne (Non-Executive Director, appointed on 21 December 2017)

The directors have been in office to the date of this report unless otherwise stated.

Review of operations and financial results

Tanami Joint Venture

During the period there was no field work performed by Ramelius Resources Limited (ASX: **RMS**) relating to the Tanami Joint Venture. Dreadnought maintains its 15% free-carried interest such that future involvement either through further contribution to the project, or by converting the interest to a 1.5% NSR royalty, will be determined upon a decision to mine.

During the period the Group and Ramelius surrendered 7 tenements of this joint venture.

Corporate

Dreadnought Resources Limited (ASX: DRE, 'Dreadnought" or 'the Company') has been actively pursuing the acquisition of IronRinger Resources Pty Ltd. If approved by shareholders, the IronRinger transaction will provide substantial exploration opportunities in the Kimberley and Kalgoorlie regions of Western Australia. Specifically, Dreadnought will obtain the Yampi base metal project located 95kms north-east of Derby with numerous high priority nickel-copper-cobalt targets in the west Kimberley and the Rocky Dam gold project located 55km east of Kalgoorlie where bedrock gold mineralisation has been defined by previous drilling. Highly experienced mining executives, Paul Chapman and David Chapman will join the Board of Dreadnought once complete.

Subsequent Events

Except for the below, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

During January 2019, the Company completed a non-renounceable entitlement issue to existing sophisticated shareholders for due diligence costs on the IronRinger transaction and for working capital purposes. The placement raised $195,975 before costs.

On 15 February 2019, shareholders approved at an Extraordinary General meeting to issue vendor securities totalling 350,000,000 ordinary fully paid shares and 50,000,000 options to acquire fully paid shares as consideration for the acquisition of IronRinger Resources Pty Ltd.

The Company changed its name from Tychean Resources Limited (ASX: TYK) to Dreadnought Resources Limited (ASX: DRE) on 28 February 2019.

Directors' Report
For the Half Year Ended 31 December 2018

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 2018 has been received and can be found on page 5 of the financial report.

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



Duncan Lachlan Gordon
Non-Executive Chairman

Dated this 8th day of March 2019

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Auditor's Independence Declaration

To the Directors of Dreadnought Resources (formerly known as Tychean Resources Limited)

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Dreadnought Resources Limited for the half-year ended 31 December 2018. I declare that, to the best of my knowledge and belief, there have been:

a No contraventions of the auditor independence requirements of 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.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 08 March 2019

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Dreadnought Resources Limited

Statement of Profit or Loss and Other Comprehensive Income For The Half Year Ended 31 December 2018

	Consolidated	
	Dec-18	**Dec-17**
	$	**$**
Interest Income	1,550	1,082
Administration expenses	(119,422)	(71,854)
Consulting fees	(100,374)	(88,608)
Impairment of exploration expenditure	(237,921)	(410)
Loss before income tax	(456,167)	(159,790)
Income tax expense	-	-
Loss for the period	(456,167)	(159,790)
Other comprehensive income, net of income tax:		
Items that will be reclassified to profit or loss	(8,043)	(12,500)
Total comprehensive income for the period attributable to the ordinary shareholders of the Company	(464,210)	(172,290)

Earnings per share	**Cents**	**Cents**
Basic earnings per share (cents)	(0.08)	(0.05)
Diluted earnings per share (cents)	(0.08)	(0.05)

Dreadnought Resources Limited

Statement of Financial Position
As At 31 December 2018

	Note	Consolidated Dec-18 $	Consolidated Jun-18 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		104,031	350,451
Trade and other receivables		4,091	1,520
Investments in equity instruments	5	16,957	25,000
Other assets		3,599	6,807
TOTAL CURRENT ASSETS		128,678	383,778
NON-CURRENT ASSETS			
Property, plant and equipment		154	190
Exploration, evaluation and development assets	8	15,229	252,521
TOTAL NON-CURRENT ASSETS		15,383	252,711
TOTAL ASSETS		144,061	636,489
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		99,189	122,907
TOTAL CURRENT LIABILITIES		99,189	122,907
NON-CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		99,189	122,907
NET ASSETS		44,872	513,582
EQUITY			
Issued capital	4	38,102,438	38,106,938
Reserves		(33,043)	(25,000)
Accumulated Losses		(38,024,523)	(37,568,356)
TOTAL EQUITY		44,872	513,582

Statement of Changes in Equity
For the Half Year Ended 31 December 2018

Dec-18	Note	Issued Capital $	FVOCI Reserves $	Accumulated Losses $	Total $
Balance at 1 July 2018		38,106,938	(25,000)	(37,568,356)	513,582
Comprehensive loss					
Loss for period		-	-	(456,167)	(456,167)
Other comprehensive income		-	(8,043)	-	(8,043)
Total comprehensive loss for the period		-	(8,043)	(456,167)	(464,210)
Transactions with owners, in their capacity as owners, and other transfers					
Transaction costs		(4,500)	-	-	(4,500)
Total transactions with owners and other transfers		(4,500)	-	-	(4,500)
Balance at 31 December 2018		38,102,438	(33,043)	(38,024,523)	44,872

Dec-17	Note	Issued Capital $	AFS Reserves $	Accumulated Losses $	Total $
Balance at 1 July 2017		37,661,627	-	(37,244,200)	417,427
Comprehensive loss					
Loss for period		-	-	(159,790)	(159,790)
Other comprehensive income		-	(12,500)	-	(12,500)
Total comprehensive loss for the period		-	(12,500)	(159,790)	(172,290)
Transactions with owners, in their capacity as owners, and other transfers					
Transaction costs		(39,461)	-	-	(39,461)
Shares issued during the year		484,772	-	-	484,772
Total transactions with owners and other transfers		445,311	-	-	445,311
Balance at 31 December 2017		38,106,938	(12,500)	(37,403,990)	690,448

Dreadnought Resources Limited

Statement of Cash Flows
For the Half Year Ended 31 December 2018

	Consolidated	
	Dec-18	Dec-17
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	-	-
Payments to suppliers and employees	(247,444)	(153,421)
Interest received	1,550	1,082
Net cash used in operating activities	(245,894)	(152,339)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for exploration assets	(526)	(410)
Net cash provided/(used in) by investing activities	(526)	(410)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of shares	-	484,772
Payments for capital raising costs	-	(39,461)
Net cash provided by financing activities	-	445,311
Net increase in cash and cash equivalents held	(246,420)	292,562
Cash and cash equivalents at beginning of half year	350,451	165,339
Cash and cash equivalents at end of the half year	104,031	457,901

Notes to the Financial Statements
For the Half Year Ended 31 December 2018

1. Basis of Preparation

This condensed consolidated interim financial report for the reporting period ending 31 December 2018 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*.

The interim financial report is intended to provide users with an update on the latest annual financial statements of Dreadnought Resources Limited and controlled entities (the Group). As such it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. This condensed consolidated 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 the Group for the year ended 30 June 2018, together with any public announcements made during the half year.

The interim financial statements have been approved and authorised for issue by the Board of Directors on 8 March 2019.

2. Significant accounting policies

Changes in the accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2018, except for the adoption of new standards effective as of 1 January 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The Group applies, for the first time, AASB 9 *Financial Instruments* from 1 July 2018. As required by AASB 134, the nature and effect of these changes are disclosed below. Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the interim condensed consolidated financial statements of the Group.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

2.1 Financial Instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments*: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

When adopting AASB 9, the Group has applied transitional relief and elected not to restate prior periods. Rather differences arising from the adoption of AASB 9 in relation to classification, measurement, and impairment are recognised in opening retained earnings as at 1 July 2018.

The reclassifications and adjustments arising from the introduction of AASB 9 have not been reflected in the statement of financial position as at 30 June 2018, but are recognised in the opening balance sheet from 1 July 2018. The following table shows the adjustments recognised for each individual line item. Line items that were not affected by the change have not been included.

On 1 July 2018 (the date of initial application of AASB 9), the Group's management assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate AASB 9 categories.

Balance Sheet Extract

	30 June 2018 as originally presented $	AASB 9 reclassification $	1 July 2018 $
Non-Current Assets			
Financial assets at fair value through other comprehensive income (FVOCI)	-	25,000	25,000
Available-for-sale (AFS) financial assets	25,000	(25,000)	-

The impact of these changes on the Group's equity is as follows:

	Effect on AFS reserve $	Effect on FVOCI reserve $
Closing Balance 30 June 2018 – AASB 139	(25,000)	-
Reclassify non-trading equity instruments from AFS financial assets to financial assets at FVOCI	25,000	(25,000)
Opening Balance 1 July 2018 – AASB 9	-	(25,000)

Equity investments previously classified as available-for-sale

The Group elected to present in OCI changes in the fair value of all its equity investments previously classified as AFS because these investment are held as long-term strategic investments that are not expected to be sold in the short to medium term. As a result, assets with a fair value of $25,000 were reclassified from AFS financial asset to financial assets at FVOCI and fair value losses of $25,000 were reclassified from the AFS reserve to FVOCI reserve on 1 July 2018.

AASB 9 Financial Instruments – Accounting Policies applied from 1 July 2018

a) Classification and Measurement

Except for certain trade receivables, under AASB 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Under AASB 9, debt financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI).

Classification is based on two criteria:
- The Group's business model for managing the assets; and
- Whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

The new classification and measurement of the Group's debt financial assets are, as follows:
- Debt instruments are amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's Trade and other receivables.

Other financial assets are classified and subsequently measured, as follows:
- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition. This category only includes equity instruments, which the Group intends to hold for the foreseeable future and which the Group has irrevocably elected to so classify upon initial recognition or transition.

The Group classified its quoted equity instruments as equity instruments at FVOCI. Equity instruments at FVOCI are not subject to an impairment assessment under AASB 9. Under AASB 139, the Group's quoted equity instruments were classified as AFS financial assets.

The accounting for the Group's financial liabilities remains largely the same as it was under AASB 139. Similar to the requirements of AASB 139, AASB 9 requires contingent consideration liabilities to be treated as financial instruments measured at fair value, with the changes in fair value recognised in the statement of profit or loss.

b) Impairment

The adoption of AASB 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking Expected Credit Loss (ECL) approach.

AASB 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL.

Notes to the Financial Statements
For the Half Year Ended 31 December 2018

3. Key estimates

The preparation of the consolidated financial statements 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.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) **Estimated impairment**

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(ii) **Exploration and evaluation**

The Group policy for exploration and evaluation is discussed in note 1 (s) of the June 2018 Annual Report. The application of this policy requires management to make certain assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised exploration and evaluation expenditure, management concludes that the capitalised expenditure is unlikely to be recovered by future sale or exploration, then the relevant capitalised amount will be written off through the statement of profit or loss. The related carrying amounts are disclosed in note 6.

4. Issued Capital

	Consolidated	
	Dec-18	Jun-18
	$	$
(a) Share capital		
Dec 2018: 577,156,607 (June 2018: 557,156,607) fully paid ordinary shares	38,102,438	38,106,938

(b) Movements in ordinary share capital

			Dec-18
Date	Details	No.	$
01/07/2018	Opening Balance	577,156,607	38,106,938
	Less: transaction costs arising on share issue	-	(4,500)
31/12/2018	Closing Balance	577,156,607	38,102,438

Notes to the Financial Statements
For the Half Year Ended 31 December 2018

5. Investments in equity instruments

	Consolidated	
	Dec-18	Jun-18
	$	$
Investments – ASX Listed company	16,957	25,000
Total	16,957	25,000

The company holds 217,392 shares (post-consolidation, 30 June 2018: 25,000,000 shares) in Maximus Resources Limited (ASX: MXR). The market price as at 31 December 2018 was $0.078 per share (30 June 2018: $0.001 per share).

6. Operating Segments

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 have concluded at this time there is one identifiable segment being the Tanami Joint Venture with Ramelius Resources Ltd (ASX: RMS).

7. Subsidiaries

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

Name of subsidiary	% ownership interest Dec-18	% ownership interest Jun-18
Tychean Tanami Pty Ltd (previously ERO Metals Pty Ltd)	100.0	100.0
Valley Floor Resources Pty Ltd	100.0	100.0

8. Exploration & Evaluation Expenditure

	Consolidated	
	Dec-18	Jun-18
	$	$
Exploration and evaluation expenditure	15,229	252,521
Exploration assets at cost		
Reconciliation		
Balance at beginning of financial year	252,521	252,521
Expenditure incurred	629	1,196
Exploration expenditure impairment	(237,921)	(1,196)
Total exploration and evaluation expenditure	15,229	252,521

Notes to the Financial Statements
For the Half Year Ended 31 December 2018

9. Related Parties

The Group's main related parties are as follows:

Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

The aggregate amounts recognised during the year (excluding re-imbursement of expenses incurred on behalf of the Company) relating to Directors and their Director related entities were as follows:

		Consolidated	
Director	**Transaction**	**Dec-18**	**Dec-17**
		$	**$**
D Gordon	Payments to a Director related entity for corporate advisory fees and capital raising services	30,000	40,860
P Payne	Payments to a Director related entity for due diligence services	10,800	-

10. Events Occurring After the Reporting Date

Except for the below, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

During January 2019, the Company completed a non-renounceable entitlement issue to existing sophisticated shareholders for due diligence costs on IronRinger transaction and working capital purposes. The placement raised $195,975 before costs.

On 15 February 2019, shareholders approved at an Extraordinary General meeting to issue vendor securities totalling 350,000,000 ordinary fully paid shares and 50,000,000 options to acquire fully paid shares as consideration for the acquisition of IronRinger Resources Pty Ltd.

The Company changed its name from Tychean Resources Limited (ASX: TYK) to Dreadnought Resources Limited (ASX: DRE) on 28 February 2019.

11. Going Concern

The financial report has been prepared on the basis of going concern.

The cash flow projections of the Group indicate that it will require positive cash flows from additional capital or sale of assets for continued operations. The Group incurred a loss of $464,210 for the half year and a net cash outflow from operating and investing activities of $246,420. The Group's cash balance at 31 December 2018 was $104,031. These circumstances represent a material uncertainty related to events or conditions that may cast doubt on the Group's ability to continue as a going concern.

The Group is currently meeting minimum cash commitments and the Group is actively seeking new opportunities.

The Group's ability to continue as a going concern is contingent on obtaining additional capital. If additional capital is not obtained or assets not sold, the going concern basis may not be appropriate, with the result that the consolidated entity may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and in amounts different from those stated in the financial report. No allowance for such circumstances has been made in the financial report.

Notes to the Financial Statements
For the Half Year Ended 31 December 2018

12. Company Details

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

Dreadnought Resources Limited
Ground Floor
70 Hindmarsh Square
Adelaide SA 5000

Dreadnought Resources Limited

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 6 to 15 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 consolidated group's financial position as at 31 December 2018 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.



Duncan Gordon
Non-executive Chairman

Dated this 8th day of March 2019

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Independent Auditor's Review Report

To the Members of Dreadnought Resources Limited (formerly known as Tychean Resources Limited)

Report on the review of the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Dreadnought Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Dreadnought Resources Limited does not give a true and fair view of the financial position of the Group as at 31 December 2018, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

Material uncertainty related to going concern

We draw attention to Note 11 in the financial report, which indicates that the Group incurred a net loss of $464,210 and net cash outflow from operating and investing activities of $246,420 during the half year ended 31 December 2018. As stated in Note 11, these events or conditions, along with other matters as set forth in Note 11, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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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 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

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 Group's financial position as at 31 December 2018 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*. As the auditor of Dreadnought Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 08 March 2019

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