

Interim Financial Report

For the half-year ended 31 December 2020

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

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Share Registry

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(international) 61 3 9415 4000

Auditors

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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 2020 (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)

3. REVIEW OF OPERATIONS

(a) GROUP OVERVIEW

Dreadnought Resources Limited is an ASX-listed exploration company focused on discovering economic deposits in Western Australia. The Company has several projects being Tarraji-Yampi Ni-Cu-Au, Illaara Gold & VMS, Rocky Dam Gold & VMS and Mangaroon Ni-Cu-PGE and Au.

(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:

Illaara Gold & VMS Iron Ore Project ("Illara")

- High grade narrow vein gold has been a focus within the Metzke's Corridor with a new lode identified at Longmore's Find, and multiple anomalies requiring testing in addition to chasing the Metzke's Lode at depth.
- With the encouragement of Metzke's Corridor, the Lawrence's Corridor has become a focus for the target generation pipeline.
- RC drilling has recommenced within the >10km long Metzke's Corridor where ~3,000m of RC drilling will be undertaken at Metzke's Find, Longmore's Find, Black Oak and Bald Hill.
- This will be followed by a further ~3,000m along the Lawrence's Corridor.
- Assay results are expected throughout April/May 2021.

Tarraji-Yampi Ni-Cu-Au ("Tarraji-Yampi")

- During the period, a 3D inversion of magnetic and gravity data refined the Fuso and Paul's Find Cu-Au Targets. Fuso has been defined by a 500m x 400m high density gravity anomaly nestled within a ~1,700m x 700m south-southeast plunging magnetic anomaly. Paul's Find is defined by a coincident intense ~300m x 200m remanent magnetic and density anomaly located near surface. This geophysical signature is typical of Proterozoic Cu-Au deposits such as those seen in Tennant Creek and Mt Isa.
- RC and Diamond drilling at the Tarraji-Yampi Project is scheduled to commence from May/June 2021, after the Kimberley wet season, at Texas and Orion Ni-Cu-PGE, Fuso and Paul's Find Cu-Au and Chianti-Rufina targets Cu-Pb-Zn-Ag Targets.

Directors' Report

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

- During the period, a 10 hole, 768m RC drilling program produced further thick, shallow oxide mineralisation with significant intercepts including:
  - RDRC012: 20m @ 1.1 g/t Au from 40m including 5m @ 3.3 g/t Au from 52m; and
  - RDRC009: 15m @ 0.4 g/t Au from 13m including 4m @ 1.3 g/t Au from 17m
- Rocky Dam is currently under review to determine the next steps forward.

Mangaroon Ni-Cu-PGE and Au Project ("Mangaroon")

- Dreadnought consolidated a >4,000 sq km ground position in the Mangaroon Zone of the Gascoyne Region of Western Australia. The Mangaroon Project is host to high-grade gold mineralisation and high-tenor outcropping Ni-Cu-PGE sulphide mineralisation.

Corporate Highlights:

- Jessamyn Lyons was appointed as Company Secretary on 1 July 2020.
- In July and August 2020, the Directors exercised 33,500,000 options for a total of $217,500 taking their investment in the Company to approximately $1.1m or approximately 18.15%.
- In August 2020, the Company completed a heavily oversubscribed placement at $0.009 per share to raise $1,536,000 (before costs) from professional and sophisticated investors through the issue of 170,666,673 shares. The funds raised were used to test multiple high-grade gold and base metal targets at Illaara and Tarraji-Yampi in the Kimberley.
- On 15 August 2020, the Company extended the maturity date of the Convertible Loan Note Deed to 2 July 2021.
- In October 2020, the Company completed a capital raising of $3,500,000 (before costs) from professional and sophisticated investors through the issue of 125,000,000 shares at $0.028 per share.
- A total of 41,000,000 options were exercised in October and November 2020 with Directors exercising 11,000,000 of these options for $105,000 bringing their total investment in the Company to approximately $1.2m. The 41,000,000 options injected additional funds of $325,000 into the Company.

Directors' Report

(c) INVESTMENT HIGHLIGHTS



Kimberley Ni-Cu-Au Projects ("Tarraji-Yampi")

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 was previously 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 1900s which have seen no modern exploration.

Three styles of mineralisation occur at Tarraji-Yampi including: volcanogenic massive sulphide ("VMS"); Proterozoic Cu-Au ("IOCG"); and magmatic sulphide Ni-Cu-PGE. Numerous high priority nickel, copper and gold drill targets have been identified from recent VTEM surveys, historical drilling and surface sampling of outcropping mineralisation.

Illaara Gold, VMS & Iron Ore Project ("Illara")

Illaara is located 190kms 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 and base metals VMS mineralisation.

Dreadnought has consolidated the Illaara Greenstone Belt mainly through an acquisition from Newmont Goldcorp Exploration Pty Ltd ("Newmont"). Newmont defined several camp-scale targets which were undrilled due to a change in corporate focus. Prior to Newmont, the Illaara Greenstone Belt was predominantly held by iron ore explorers and has seen minimal gold and base metal exploration since the 1990s.

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

Rocky Dam is located 45kms east of Kalgoorlie in the Eastern Goldfields Superterrane of Western Australia. Rocky Dam is prospective for typical Archean mesothermal lode gold deposits and Cu-Zn VMS mineralisation. Rocky Dam has known gold and VMS occurrences with drill ready gold targets including the recently defined CRA-North Gold Prospect.

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

Mangaroon is a first mover opportunity covering ~4,000sq kms of tenure located 250kms southeast of Exmouth in the Gascoyne Region of Western Australia. Mangaroon is prospective for magmatic Ni-Cu-PGE mineralisation and high grade gold with evidence of both outcropping within the project area and virtually unexplored for the past 40 years.

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 2020 are:

	31-Dec-20	30-Jun-20	% Change
Cash and cash equivalents ($)	**2,623,234**	464,099	465%
Net assets ($)	**9,374,615**	4,596,252	104%

	31-Dec-20	31-Dec-19	% Change
Interest income ($)	**-**	2,543	->100%
Net loss after tax ($)	**(541,864)**	(696,983)	-22%
Loss per share (cents) *	**(0.03)**	(0.05)	-52%

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

5. SUBSEQUENT EVENTS

On 24 February 2021, an agreement has been reached with Newmont Corporation to reduce the Net Smelter Royalty payable to Newmont Corporation in connection with the Illara project from 2.5% to 1.0% for a cash consideration of $150,000.

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.

6. AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Independence Declaration by the lead auditor under Section 307C is included on page 8 to the Interim Financial Report.

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



Dean Tuck
Managing Director
Perth, 15 March 2021

Auditor's independence declaration under section 307C of the Corporations Act 2001

To the members of Dreadnought Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half year ended 31 December 2020 there have been:

(i) no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.



Nexia Perth Audit Services Pty Ltd



M. Janse Van Nieuwenhuizen
Director

15 March 2021
Perth, Western Australia

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	31-Dec-20	31-Dec-19
		$	$
Interest income		**-**	2,543
Grant income		**55,973**	-
Administration expenses		**(374,982)**	(174,340)
Interest expense		**(40,526)**	(39,234)
Exploration and evaluation expenditure		**(49,666)**	(9,043)
Legal fees		**(6,817)**	(39,906)
Impairment of exploration and evaluation expenditure		**(6,246)**	(39,426)
Employee benefits expense		**(119,600)**	(397,577)
Loss before income tax for the period		**(541,864)**	(696,983)
Income tax expense		**-**	-
Loss after income tax for the period		**(541,864)**	(696,983)
Other comprehensive loss for the period		**-**	-
Total comprehensive loss for the period		**(541,864)**	(696,983)
Loss per share attributable to ordinary equity holders			
- Basic loss per share (cents)	9	**(0.03)**	(0.05)
- Diluted loss per share (cents)	9	**(0.03)**	(0.05)

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-20	30-Jun-20
		$	$
ASSETS			
Current assets			
Cash and cash equivalents		**2,623,234**	464,099
Trade and other receivables		**187,362**	51,393
Prepayments		**282,833**	47,027
Total current assets		**3,093,429**	562,519
Non-current assets			
Exploration and evaluation expenditure	3	**7,482,181**	5,104,501
Total non-current assets		**7,482,181**	5,104,501
Total assets		**10,575,610**	5,667,020
LIABILITIES			
Current liabilities			
Trade and other payables	4	**575,465**	468,158
Provisions		**36,060**	23,663
Other financial liabilities	5(c)	**589,470**	578,947
Total current liabilities		**1,200,995**	1,070,768
Total liabilities		**1,200,995**	1,070,768
Net assets		**9,374,615**	4,596,252
EQUITY			
Issued capital	5(a)	**48,644,868**	43,389,962
Reserves	6	**769,341**	704,020
Accumulated losses		**(40,039,594)**	(39,497,730)
Total equity		**9,374,615**	4,596,252

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 2019	40,263,315	35,000	(38,282,191)	39,520	2,055,644
Comprehensive income:					
Loss for the period	-	-	(696,983)	-	(696,983)
Other comprehensive loss	-	-	-	-	-
Total comprehensive loss for the period	-	-	(696,983)	-	(696,983)
Transactions with owners in their capacity as owners:					
Share issues, net of transaction costs and tax	2,443,664	-	-	-	2,443,664
Option issues, net of transaction costs and tax	-	370,516	-	-	370,516
At 31 December 2019	42,706,979	405,516	(38,979,174)	39,520	4,172,841

	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**
At 31 December 2020	**48,644,868**	**729,821**	**(40,039,594)**	**39,520**	**9,374,615**

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-20	31-Dec-19
	$	$
Cash flows from operating activities		
Payment to suppliers and employees	**(495,247)**	(332,320)
Interest received	**-**	2,543
Interest and other costs of finance paid	**(30,003)**	(30,000)
Government grants	**55,973**	-
Net cash outflow from operating activities	**(469,277)**	(359,777)
Cash flows from investing activities		
Payment for property, plant and equipment	**(749)**	-
Payment for exploration and evaluation activities	**(2,625,745)**	(1,613,200)
Net cash outflow from investing activities	**(2,626,494)**	(1,613,200)
Cash flows from financing activities		
Proceeds from the issue of shares	**5,036,000**	2,615,894
Share issue costs	**(323,594)**	(172,230)
Proceeds from exercise of options	**542,500**	-
Net cash inflow from financing activities	**5,254,906**	2,443,664
Cash and cash equivalents at the beginning of the period	**464,099**	647,966
Net increase in cash and cash equivalents	**2,159,135**	470,687
Cash and cash equivalents at the end of the period	**2,623,234**	1,118,653

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 2020 (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 2020 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 15 March 2021.

(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 2020.

The amendments and interpretations above, all of which apply to the Group as at 1 July 2020 have not had a material impact on the transactions and balances recognised in the financial statements.

(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 2020 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 2020, the Group had net assets of $9,374,615 (30 June 2020: $4,596,252). During the half-year, the Group had cash outflows from operating activities of $469,277 (31 December 2019: $359,777) and cash outflows from investing activities (including payments for exploration and evaluation activities) of $2,626,494 (31 December 2019: $1,613,200).

The Group's cash flow forecast to 31 March 2022 indicates that the Group will need to raise additional funds to meet expenditure commitments and its current level of corporate overheads to continue as a going concern.

To address the future funding requirements of the Group, the Directors have:

- developed a business plan that provides encouragement for investors to invest;
- continued their focus on maintaining an appropriate level of corporate overheads in line with the Group's available cash resources.

The Directors are confident that the Group will be able to complete a fund raising to meet the Group's funding requirements for the forecast period to 31 March 2022. In the event that the Group is not able to successfully complete the fund raising referred to above, material uncertainty would exist as to whether the Company and Group will continue as a going concern and, therefore, whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial statements.

The financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts, nor to the amounts and classification of liabilities that might be necessary should the Company and the Group not continue as a going concern.

3. EXPLORATION AND EVALUATION EXPENDITURE

	31-Dec-20	30-Jun-20
	$	$
Exploration and evaluation expenditure		
Capitalised exploration and evaluation expenditure at cost	7,482,181	5,104,501
Balance at the beginning of the period	**5,104,501**	2,130,136
Expenditure incurred	**2,383,926**	2,902,293
Impairment/written off	**(6,246)**	(27,928)
Cash acquisition (i)	**-**	100,000
Equity based acquisition (ii)	**-**	180,000
Balance at the end of the period	**7,482,181**	5,104,501

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

Notes to the Condensed Consolidated Financial Statements

3. EXPLORATION AND EVALUATION EXPENDITURE (CONTD.)

(i) 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 that 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.

(ii) In December 2019, the Group purchased Metzke's Find and the Wombarella Project. The fair value of the total consideration paid was $180,000 (30,500,000 fully paid ordinary shares) based on the fair value of the shares issued to vendor. The purchase consideration was 16,000,000 shares at $0.005 per share and 14,500,000 shares at $0.007 per share for Metzke's Find and Wombarella Project respectively.

4. TRADE AND OTHER PAYABLES

	31-Dec-20	30-Jun-20
	$	$
Trade creditors	**481,686**	392,453
Accruals	**34,925**	63,984
PAYG and wages payable	**41,431**	1,721
Superannuation payable	**17,423**	-
	575,465	468,158

5. ISSUED CAPITAL

(a) Issued capital

	31-Dec-20	**30-Jun-20**
	$	$
Ordinary shares fully paid	**48,644,868**	43,389,962

Date		**Number of shares**	**$**
	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
	Less fundraising costs	**-**	(323,594)
	Closing balance 31 December 2020	**2,261,847,441**	48,644,868

Notes to the Condensed Consolidated Financial Statements

5. ISSUED CAPITAL (CONTD.)

(b) Share options
At 31 December 2020, there were 99,479,452 unissued ordinary shares under option (30 June 2020: 163,000,000 options). The details of the unlisted options are as follows:

Number	Exercise Price $	Expiry Date
20,000,000	0.01	3-Apr-24
8,500,000	0.005	30-Jun-24
30,000,000	0.005	9-Apr-24
10,000,000	0.008	17-Sep-24
20,000,000	0.006	25-May-23
5,500,000	0.01	2-Oct-23
5,479,452	0.0098	30-June-25

For further information as to the movement in options during the half-year ended 31 December 2020 refer to Note 6: Reserves. 74,500,000 ordinary shares were issued on the exercise of options during the half-year (2019: nil).

(c) Convertible notes
The Group received a total amount of $600,000 from issuing Convertible Notes in June 2019. The issue of Convertible Notes was approved by shareholders in August 2019. The Convertible Notes each have a face value of $1.00 and bear interest at 10% per annum. The Convertible Notes have a Conversion Price of $0.0055 and have a Maturity Date of 2 July 2021. The holder may elect to convert into shares at $0.0055 per share. Upon the occurrence of default, the lender may require immediate redemption of all outstanding Convertible Notes together with all interest and other outstanding monies to be immediately due and payable to the lender. The Convertible Notes were determined to be a compound financial instrument, resulting in a split between liability and equity components. The fair value of the liability component is determined based on the contractual future cash flows which is discounted at the rate of interest (14%) that would apply to an identical financial instrument without the conversion option. At recognition, $39,520 was attributed to the equity component.

Notes to the Condensed Consolidated Financial Statements

6. RESERVES

	31-Dec-20	30-Jun-20
	$	$
Share-based payments reserve (a)	**729,821**	664,500
Equity Reserve	**39,520**	39,520
	769,341	704,020

(a) Movement in Share-based payments reserve

Movements in the Share-based payments reserve for the half-year ended 31 December 2020 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 2020:

		Number of options	$
Grant Date	**At beginning of period**	**163,000,000**	664,500
30/11/2020	Options issued to Chairman (1)	**5,479,452**	57,091
30/11/2020	Options issued to employees (2)	**5,500,000**	8,230
	Options exercised during the period	**(74,500,000)**	-
	At end of period	**99,479,452**	729,821

(1) A term of Paul Chapman's appointment as a director of the Company is that he is paid $36,000 in fees for the year ending 30 June 2021 (year ended 30 June 2020: $nil). Paul Chapman has elected to receive his remuneration for the financial year ending 30 June 2021 by way of an issue of Options. The Board resolved to grant 5,479,452 options to Paul Chapman under the Company's Employee Option Plan on 1 July 2020, subject to obtaining Shareholder approval. Shareholder approval was obtained on 30 November 2020.

(2) On 12 October 2020, the Company agreed to offer Nick Chapman and Matthew Crowe, employees of the Company who are not related parties of the Company, 2,500,000 and 3,000,000 Options respectively under the Employee Option Plan, subject to obtaining Shareholder approval. Shareholder approval was obtained on 30 November 2020.

(b) Fair value of options issued during the period

The fair value of options issued during the half-year ended 31 December 2020 were valued using a Black-Scholes pricing model with the following inputs:

(1) The options were deemed to have a fair value at grant date of $0.0208 per option. This value was calculated using the Black-Scholes option pricing model applying the following inputs:

Share price	$0.022
Exercise price	$0.0098
Expected volatility	155.92%
Risk free interest rate	0.30%
Useful life	5 years

Notes to the Condensed Consolidated Financial Statements

6. RESERVES (CONTD.)

(b) Fair value of options issued during the period (contd.)

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

Share price	$0.022
Exercise price	$0.01
Expected volatility	167.29%
Risk free interest rate	0.11%
Useful life	3 years

7. 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.

8. RELATED PARTIES

(a) Transactions with related parties

During the half-year ended 31 December 2020, the Chairman, Paul Chapman received 5,479,452 options in lieu of cash payment of $36,000 in fees and other employee expenses (2019: $18,000).

There are no other transactions with KMP during the half-year ended 31 December 2020.

(c) Subsidiaries:

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

Name of subsidiary	% ownership interest 31 December 2020	% ownership interest 30 June 2020
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

9. LOSS PER SHARE

	31-Dec-20	31-Dec-19
Loss per share (basic and diluted) (cents per share)	(0.03)	(0.05)
Loss for the period ($)	(541,864)	(696,983)
Weighted average number of ordinary shares (number)	2,103,933,960	1,493,268,064

Notes to the Condensed Consolidated Financial Statements

10. DIVIDENDS

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

11. COMMITMENTS

In order to maintain current rights of tenure to exploration tenements, the Group will be required to outlay amounts totalling $1,361,000 at 31 December 2020 (30 June 2020: $1,414,583) in respect of tenement lease rentals and to meet minimum expenditure requirements.

12. CONTINGENCIES

In July 2014, IronRinger (Tarraji) Pty Ltd (IronRinger) (now Dreadnought Exploration Pty Ltd) and Whitewater Pty Ltd (Whitewater) entered into a Joint Venture Agreement regarding Exploration License E04/2315. The consideration paid by IronRinger was $21,000 being $10,000 in cash and $10,000 in equity (1,000,000 shares @ $0.01) to acquire various rights including an 80% interest in E04/2315. In addition, Whitewater was not required to contribute to expenditure until $20M and completion of a feasibility study. During the year, the Office of State Revenue provided a draft Statement of Grounds valuing the acquisition of E04/2315 at $4,000,000 seeking $200,000 in stamp duty and late payment penalties of $10,000. This valuation is notwithstanding previous valuations of $21,000, $nil and $248,102. The Company has engaged consultants to dispute the Office of State Revenue's position and valuation. No formal assessment has been issued.

There were no other material contingent liabilities or contingent assets for the half-year ended 31 December 2020.

13. SUBSEQUENT EVENTS

On 24 February 2021, an agreement has been reached with Newmont Corporation to reduce the Net Smelter Royalty payable to Newmont Corporation in connection with the Illara project from 2.5% to 1.0% for a cash consideration of $150,000.

There have not been any other significant events that have arisen since 31 December 2020 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 2020 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 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 and is signed on behalf of the Directors by:



Dean Tuck
Managing Director
Perth, 15 March 2021

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 2020, the Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Statement of Changes in Equity and Condensed Consolidated Statement of Cash Flows for the half-year ended on that date, condensed notes comprising 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 does not comply with the *Corporations Act 2001* including:

i) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and

ii) 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*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Interim 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 review of the Interim 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 Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

Material Uncertainty Related to Going Concern

Without modifying our review conclusion, we draw attention to Note 2(c) of the Interim Financial Report, which indicates that the Group will require further funding in the next twelve months from the date of this report to fund its planned expenditure. These conditions, along with other matters as set forth in Note 2(c), indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and extinguish its liabilities in the normal course of business.

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Responsibility of the Directors for the Interim Financial Report

The directors of the Group are responsible for the preparation of the Interim 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 Interim 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 Group's financial position as at 31 December 2020 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.



Nexia Perth Audit Services Pty Ltd



M. Janse Van Nieuwenhuizen
Director

15 March 2021
Perth, Western Australia