DREADNOUGHT
RESOURCES

Interim Financial Report

For the half-year ended
31 December 2022

ABN 40 119 031 864

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Corporate Directory

Directors

Paul Chapman	(Non-executive Chairman)
Dean Tuck	(Managing Director)
Philip Crutchfield	(Non-executive Director)
Anthony Robert Gee	(Non-executive Director)

Company Secretary
Jessamyn Lyons

Registered Office & Postal Address
Level 3, 88 William Street
Perth WA 6000
PO Box 712
Osborne Park DC WA 6916
Telephone: +61 (0) 428 824 343
Website: www.dreadnoughtresources.com.au

ABN 40 119 031 864

Share Registry
Automic Pty Limited
Level 5, 191 St Georges Terrace
Perth, WA 6000 Australia
hello@automicgroup.com.au
(within Australia) 1300 288 664
(international) +61 2 9698 5414

Auditors
PKF Perth
Level 5, 35 Havelock Street
West Perth WA 6005

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 2022 (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
Dean Tuck	Managing Director
Philip Crutchfield	Non-executive Director (appointed on 13 September 2022)
Anthony Robert Gee	Non-executive Director (appointed on 2 March 2023)
Ian Gordon	Non-executive Director (resigned on 30 November 2022)
Paul Payne	Non-executive Director (resigned on 13 September 2022)

2. OFFICERS OF THE COMPANY

Jessamyn Lyons	Company Secretary

3. REVIEW OF OPERATIONS

(a) GROUP OVERVIEW

The Group is an ASX-listed exploration and development company focussing on acquiring and exploring high-quality projects within the state of Western Australia. The Company's strategy is to discover major deposits on these projects either by itself or in joint venture with major mining companies.

(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:

Mangaroon Rare Earths and Critical Minerals (100%)

- A total of 258 RC holes (26,862m) and 21 diamond drill holes (2,145m) have been completed since June 2022.
- Discovered the Yin, Sabre and Y8 REE ironstones, part of the ~43km Yin REE Ironstone Complex. The Yin Ironstone Complex is comprised of:

  - 3kms containing an independent initial JORC 2012 Mineral Resource ("Resource") of 14.36Mt @ 1.13% TREO with a Resource intensity of 4.8Mt/km; and

  - 40kms containing a JORC 2012 Exploration Target ("Exploration Target") of 50-100Mt at 0.9-1.3% TREO with a Resource intensity of 1.25-2.5Mt/km and a grade range of 1.13% TREO +/- 20%.
- The Initial Resource of 14.36Mt @ 1.13% TREO is based on 2.5 months of RC drilling (117 holes for 11,907m) between June-August 2022.
- Discovered six coherent zones of REE, niobium ("Nb"), titanium ("Ti") and/or phosphorus ("P") mineralisation within the ~9km x 1km C1-C5 carbonatites which remain open along strike and at depth.
- Drilled 19 diamond holes for detailed metallurgical test work across the Yin Resource with results expected to be received by April 2023.
- RC drilling recommenced at Yin in early 2023 to continue growing the existing Resource. This will be followed by first pass drilling along the Yin Exploration Target.

Directors' Report

Mangaroon Ni-Cu-PGE (FQM Earn-In)

- During the period, First Quantum Minerals Ltd (TSE:FM "FQM"), a ~A$20B TSX listed Company, exercised an earn-in option over the Mangaroon Ni-Cu-PGE Project. FQM has funded the option period and can now earn an initial 51% interest by funding $12M of expenditure by 1 March 2026. FQM may withdraw at any time during the earn-in phase with 0% interest. FQM also paid Dreadnought $150,000 upon exercise of the option.

- The initial drill program along the Money Intrusion successfully confirmed the Money Intrusion as bladed/funnel shaped and fertile for magmatic Ni-Cu-PGE mineralisation with sulphides accumulating in trap sites within the intrusion.

- Work programs recommenced during the period along the Money Intrusion with FQM undertaking an additional ~12km of fixed loop electromagnetic ("FLEM") surveys. The FLEM surveys were completed in December 2022 with results expected in March 2023. The program is funded by FQM and is expected to deliver additional drill targets.

Mangaroon Au (100%)

- In September 2022, Dreadnought acquired 100% of five tenements (~77 sq kms) covering major regional structures. The tenements host at least ten historic gold mines including the high-grade Star of Mangaroon, Pritchard Well and Twin Peaks gold mines.

- The tenements are strategically located between Dreadnought's 100% owned REE project to the south-east and the FQM Ni-Cu-PGE Earn-in to the north-west. The tenements are highly prospective for gold, base metals and REE.

- Dreadnought also agreed to acquire seven tenements (926 sq kms) in two separate transactions prospective for a range of minerals including REE.

- Dreadnought now controls ~5,300 sq kms in the Gascoyne region centred around the Star of Mangaroon gold mine.

Tarraji-Yampi Cu-Ag-Au-Co ("Tarraji-Yampi")

- Nine high-quality Orion look-a-likes were identified from a highly successful auger program during the period, including six new gossanous and mineralised outcrops.

- Following this success, an expanded low-impact auger program, designed to identify additional Orion look-a-likes commenced in October 2022. Assays from the ~3,000 sample program are expected in the March 2023 quarter.

Central Yilgarn Gold, Base Metals, Critical Minerals and Iron Ore Project ("Central Yilgarn")

- Dreadnought exercised its option securing 100% ownership over tenements E29/965 and E30/485 on 7 July 2022, providing 100% ownership over the highly prospective, 75km long, Illaara greenstone belt.

- On 9 July 2022, the Group executed a tenement sale and purchase agreement with Arrow Minerals Limited (ASX:AMD) to acquire a 100% interest in seven tenements covering ~100 strike kilometres over the Evanston and Yerilgee greenstone belts (~740 sq kms) west of and adjacent to the Illaara greenstone belt.

- In addition, Dreadnought acquired 100% of seven tenements covering ~100km of strike over the Evanston, South Elvire and Yerilgee greenstone belts (~740 sq kms) west of and adjacent to the Illaara greenstone belt. Dreadnought also agreed to an option to acquire three tenements (100 sq kms) prospective for a range of minerals including iron ore, nickel and gold.

- Successful drill results were received during the period confirming:

    - A fertile VMS base metals system at the Nelson Cu-Pb-Zn-Ag target.
    - Thick, high-grade, goethite-hematite iron ore at Spitfire.

Directors' Report

- Further high-grade gold at Metzke's Find that extends the mineralised structure >150m north and remains open to the north and at depth.
- a fertile setting with the most fractionated pegmatites likely to the east under shallow cover at the Peggy Sue LCT Pegmatite Swarm.

Bresnahan HREE and Au Project ("Bresnahan")

- Dreadnought controls >3,700 sq kms of prospective ground at Bresnahan.
- Reconnaissance "proof-of-concept" surface sampling along major basement structures and unconformities has produced significant light and heavy rare earth ("HREE") results including:
  - BBRK0046: 1.33% TREO (31% NdPr:TREO and 25% HREE:TREO) comprised of:
    - 3.25 kg/t Nd_2O_3, 0.84 kg/t Pr_6O_{11}, 0.34 kg/t Dy_2O_3, 0.06 kg/t Tb_2O_3
  - BBRK0050: 1.21% TREO (30% NdPr:TREO and 19% HREE:TREO) comprised of:
    - 2.80 kg/t Nd_2O_3, 0.77 kg/t Pr_6O_{11}, 0.25 kg/t Dy_2O_3, 0.05 kg/t Tb_2O_3
- The HREE results and associated P, Sr and Ba pathfinders are similar to those seen at the unconformity HREE Browns Range deposits owned by Northern Minerals Ltd (ASX:NTU).
- HREE attract a significant price premium to light REE.
- Bresnahan is believed to be the first application of the unconformity HREE model outside the Athabasca Basin in Canada and the North Australia Craton (including Browns Range) where the model was developed.
- Target generation and definition work will early in 2023 to develop drill targets.

Corporate Highlights:

A. The following are the corporate highlights during the half-year ended 31 December 2022:

- On 14 July 2022, Dreadnought issued 8,500,000 unlisted options to its employees and company secretary vesting on 14 July 2023 via the Company's Incentive Security Plan. These options have an exercise price of $0.065 and expire on 14 July 2025.
- In August 2022, the Group completed a placement at $0.06 per share to institutional and sophisticated investors raising $12,000,000 (before costs). On 5 August 2022, Dreadnought issued 200,000,000 shares relating to the placement. In addition, the Directors contributed a further $350,000 to the placement, which was approved by shareholders at the AGM held on 30 November 2022. On 16 December 2022, 5,833,334 shares were issued to the Directors.
- On 17 August 2022, the Board created a Long-Term Incentive ("LTI") scheme to ensure employee/director alignment and retention while creating long term shareholder value. The scheme sets significant targets that when met, are expected to have a material, beneficial impact on Dreadnought's enterprise value and Dreadnought's preferred employer status.

  The LTIs, issued on 16 December 2022, were divided into three equal tranches. Each tranche vests upon the Company announcing, during the vesting period, a Resource of TREO as follows:

  - Tranche 1: A Resource of at least the Inferred category of 10Mt @ >1% TREO by 31/12/2022 (these rights vested on 28 December 2022 and 10,183,335 ordinary fully paid shares were issued to eligible Directors and employees on 13 January 2023).
  - Tranche 2: A Resource of at least the Inferred category of 20Mt @ >1% TREO by 31/12/2023.
  - Tranche 3: A Resource of at least the Inferred category of 30Mt @ >1% TREO by 31/12/2024.

Directors' Report

- During the period, the Company appointed PKF Perth as auditor of the Company. The resolution to appoint was approved at the AGM.

- Philip Crutchfield KC was appointed as a non-executive director of Dreadnought effective 13 September 2022. In addition, after 5 years on the Board, Paul Payne decided to step down as a non-executive director of Dreadnought effective 13 September 2022.

- On 15 September 2022, Dreadnought issued 1,500,000 ordinary fully paid shares as a result of an early exercise of options by an employee. The options were exercisable at any time until 2 July 2024 at an exercise price of $0.04 per option. The amount raised on the exercise of the options was $60,000.

- On 31 October 2022, Dreadnought issued 4,400,000 ordinary fully paid shares as a result of an early exercise of options by employees.

- On 10 November 2022, Dreadnought announced that after five years of service, Ian Gordon decided to step down as a non-executive director at the Annual General Meeting of the Company effective 30 November 2022.

B. The following are the corporate highlights subsequent to 31 December 2022:

On 13 January 2023, Dreadnought advised that the Class A Performance Rights vested upon the Company announcing an Inferred Resource of 10Mt @ >1% TREO by 31 December 2022. As a result of achieving the vesting condition for Class A Performance Rights, 10,183,335 ordinary fully paid shares were issued to eligible Directors and employees.

On 8 February 2023, Dreadnought issued 200,000,000 ordinary fully paid shares to institutional and sophisticated investors at an issue price of $0.10 per share to raise $20,000,000 before costs. The proceeds will be used primarily to accelerate drilling activities at Dreadnought's 100% owned Mangaroon REE Project where the range and scale of minerals identify Mangaroon as a world-class critical metals province.

In addition, the Directors of Dreadnought also made commitments to invest $1.4 million at the same price of $0.10 per share (subject to shareholder approval at a general meeting to be held in March 2023).

On 8 February 2023, Dreadnought issued 2,000,000 ordinary fully paid shares as a result of early exercise of options by certain employees. The options were exercisable at any time until 2 July 2024 at an exercise price of $0.04. The amount raised on the exercise of the options was $80,000. On the same date, Dreadnought also issued 2,000,000 ordinary fully paid shares as a result of early exercise of options by a Director. These options were exercisable at any time until 30 June 2024 at an exercise price of $0.005 per option. The amount raised on the exercise of the options was $10,000.

On 2 March 2023 Dreadnought announced the appointment of Dr Robert ("Rob") Gee as non-executive director. Rob has a Bachelor of Science in Engineering (Mineral Processing) with Honours and a PhD (Hydrometallurgy), both completed at the Royal School of Mines, Imperial College of Science and Technology, London. Rob also attained a Graduate Certificate in Management from the University of Newcastle. Rob is an experienced hydrometallurgist and technical manager with over thirty years' experience in the resources and battery chemicals sectors, with a significant focus on critical minerals extraction. Rob has held senior positions in both the private and public sectors working in operations, technical development and consulting. Rob has worked for a number of small and large organisations including BHP Group Limited and the Australian Nuclear Science and Technology Organisation ("ANSTO").

S&P Dow Jones Indices announced that, effective prior to the open of trading on 20 March 2023, Dreadnought was to be added to the All Ordinaries Index.

There has not been any other matter or circumstance occurring subsequent to the end of the financial period 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

4. FINANCIAL PERFORMANCE & FINANCIAL POSITION

The financial results of the Group for the half-year ended 31 December 2022 are:

	31-Dec-22	30-Jun-22	% Change
Cash and cash equivalents ($)	**2,888,788**	2,501,971	15%
Net assets ($)	**32,317,209**	19,050,734	70%

	31-Dec-22	31-Dec-21	% Change
Net loss after tax ($)	**(2,566,228)**	(1,035,085)	132%
Loss per share (cents) *	**(0.09)**	(0.04)	100%

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

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 2022, the Group had net assets of $31,317,209 (30 June 2022: $19,050,734 (restated)). During the half-year, the Group had cash outflows from operating activities of $575,846 (31 December 2021: $765,785 (restated)) and cash outflows from investing activities (including payments for exploration and evaluation activities) of $10,737,965 (31 December 2021: $3,953,323 (restated)). The details of the prior period restatement are disclosed in Note 2(d) to the condensed consolidated financial statements.

Based on a cash flow forecast prepared by management, with the Company's working capital surplus at 31 December 2022 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.

5. AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Independence Declaration by the lead auditor under Section 307C of the Corporations Act 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, 15 March 2023

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Business Solutions

AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF DREADNOUGHT RESOURCES LIMITED

In relation to our review of the financial report of Dreadnought Resources Limited for the half year ended 31 December 2022, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

PKF Perth

PKF PERTH

SHANE CROSS
PARTNER

15 MARCH 2023
WEST PERTH,
WESTERN AUSTRALIA

Level 4, 35 Havelock Street, West Perth, WA 6005
PO Box 609, West Perth, WA 6872
T: +61 8 9426 8999 F: +61 8 9426 8900 www.pkfperth.com.au

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Liability limited by a scheme approved under Professional Standards Legislation.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	31-Dec-22	31-Dec-21 Restated*
		$	$
Receipts from Earn-in agreement		**150,000**	16,991
Other income		**35,801**	3,656
Gain on fair value of financial asset		**-**	80,000
Administration expenses		**(976,540)**	(494,391)
Depreciation expense		**(36,620)**	(7,439)
Interest expense		**(9,540)**	(32,043)
Exploration and evaluation expenditure		**(135,846)**	(324,746)
Legal fees		**(67,662)**	(31,467)
Impairment of exploration and evaluation expenditure		**(92,913)**	(75,641)
Staff costs		**(134,536)**	(46,500)
Share-based payment expense		**(1,298,372)**	(123,505)
Loss before income tax for the period		**(2,566,228)**	(1,035,085)
Income tax expense		**-**	-
Loss after income tax for the period		**(2,566,228)**	(1,035,085)
Other comprehensive loss for the period		**-**	-
Total comprehensive loss for the period		**(2,566,228)**	(1,035,085)
Loss per share attributable to ordinary equity holders			
- Basic loss per share (cents)	9	**(0.09)**	(0.04)
- Diluted loss per share (cents)	9	**(0.09)**	(0.04)

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

**The comparative information has been restated as a result of prior period adjustment discussed in Note 2(d).*

Condensed Consolidated Statement of Financial Position

	Notes	31-Dec-22	30-Jun-22 Restated*	30-Jun-21 Restated*
		$	$	$
ASSETS				
Current assets				
Cash and cash equivalents		**2,888,788**	2,501,971	2,645,136
Trade and other receivables		**209,024**	86,172	157,172
Other assets		**362,798**	150,446	334,613
Exploration asset held for sale		**-**	-	100,000
Financial assets	4	**-**	150,000	-
Total current assets		**3,460,610**	2,888,589	3,236,921
Non-current assets				
Property, plant and equipment		**313,177**	291,498	-
Right-of-use-assets		**179,850**	198,782	-
Exploration assets	3	**30,235,825**	17,196,520	10,213,312
Total non-current assets		**30,728,852**	**17,686,800**	**10,213,312**
Total assets		**34,189,462**	**20,575,389**	**13,450,233**
LIABILITIES				
Current liabilities				
Trade and other payables		**1,543,646**	1,222,313	807,641
Provisions		**135,551**	95,023	62,986
Lease liabilities		**31,941**	29,742	-
Total current liabilities		**1,711,138**	1,347,078	870,627
Non-current liabilities				
Lease liabilities		**161,115**	177,577	-
Other financial liabilities		**-**	**-**	578,947
Total non-current liabilities		**161,115**	**177,577**	**578,947**
Total liabilities		**1,872,253**	**1,524,655**	**1,449,574**
Net assets		**32,317,209**	**19,050,734**	**12,000,659**
EQUITY				
Issued capital	5	**75,677,508**	60,954,153	52,030,339
Reserves	6	**1,879,766**	770,418	904,031
Accumulated losses		**(45,240,065)**	(42,673,837)	(40,933,711)
Total equity		**32,317,209**	**19,050,734**	**12,000,659**

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

**The comparative information has been restated as a result of prior period adjustments discussed in Note 2(d).*

Condensed Consolidated Statement of Changes in Equity

	Issued Capital	Share Based Payments Reserve	Accumulated Losses	Equity Reserve	Total Equity
	$	$	$	$	$
As at 1 July 2021, as previously reported	52,030,339	848,312	(40,775,595)	55,719	12,158,775
Adjustment for reimbursement of Earn In costs	-	-	(158,116)	-	(158,116)
As at 1 July 2021, as restated	52,030,339	848,312	(40,933,711)	55,719	12,000,659
Comprehensive income					
Loss for the period, as previously reported	-	-	(978,146)	-	(978,146)
Adjustment for reimbursement of Earn In costs	-	-	(56,939)	-	(56,939)
Loss for the period, as restated	-	-	(1,035,085)	-	(1,035,085)
Other comprehensive loss	-	-	-	-	-
Total comprehensive loss for the period	-	-	**(1,035,085)**	-	**(1,035,085)**
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
Reclassification of reserves to issued capital	522,658	-	(522,658)	-	-
As at 31 December 2021, as restated	**60,938,853**	**504,578**	**(41,968,496)**	**-**	**19,474,935**

Condensed Consolidated Statement of Changes in Equity

	Issued Capital	Share Based Payments Reserve	Accumulated Losses	Equity Reserve	Total Equity
	$	$	$	$	$
As at 1 July 2022, as reported	60,954,153	770,418	(42,209,359)	-	19,515,212
Adjustment for reimbursement of Earn In costs	-	-	(464,478)	-	(464,478)
As at 1 July 2022, as restated	60,954,153	770,418	(42,673,837)	-	19,050,734
Comprehensive income					
Loss for the period	-	-	(2,566,228)	-	(2,566,228)
Other comprehensive loss	-	-	-	-	-
Total comprehensive loss for the period	-	-	**(2,566,228)**	-	**(2,566,228)**
Transactions with owners in their capacity as owners:					
Share issues, net of transaction costs and tax	14,395,831	-	-	-	14,395,831
Exercise of options	327,524	(189,024)	-	-	138,500
Issue and vesting of options	-	332,879	-	-	332,879
Issue and vesting of performance rights	-	965,493	-	-	965,493
As at 31 December 2022	**75,677,508**	**1,879,766**	**(45,240,065)**	**-**	**32,317,209**

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

**The comparative information has been restated as a result of prior period adjustments discussed in Note 2(d).*

Condensed Consolidated Statement of Cash Flows

	31-Dec-22	31-Dec-21 Restated*
	$	$
Cash flows from operating activities		
Payment to suppliers and employees	(1,094,846)	(860,074)
Receipt from Earn-in agreement	375,000	100,000
Interest and other costs of finance paid	-	(5,711)
Government grants	144,000	-
Net cash outflow from operating activities	(575,846)	(765,785)
Cash flows from investing activities		
Payment for property, plant and equipment	(58,298)	(205,723)
Payment for exploration and evaluation activities	(10,862,706)	(3,747,600)
Proceeds from sale of financial asset	183,039	-
Net cash outflow from investing activities	(10,737,965)	(3,953,323)
Cash flows from financing activities		
Proceeds from the issue of shares	12,350,000	8,000,000
Share issue costs	(764,069)	(518,843)
Payment of lease liability	(23,803)	(11,725)
Proceeds from exercise of options	138,500	276,199
Net cash inflow from financing activities	11,700,628	7,745,631
Cash and cash equivalents at the beginning of the period	2,501,971	2,645,136
Net increase in cash and cash equivalents	386,817	3,026,523
Cash and cash equivalents at the end of the period	2,888,788	5,671,659

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

**The comparative information has been restated as a result of prior period adjustments discussed in Note 2(d).*

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 2022 (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 2022 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 2023.

(a) Summary of the significant accounting policies

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New Accounting Standards and Interpretations

In the period ended 31 December 2022, 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.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Notes to the Condensed Consolidated Financial Statements

2. BASIS OF PREPARATION (CONT'D)

(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 2022 Annual Financial Report for information on the Group's judgements, estimates and assumptions.

(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 2022, the Group had net assets of $32,317,209 (30 June 2022: $19,050,734 (restated)). During the half-year, the Group had cash outflows from operating activities of $575,846 (31 December 2021: $765,785 (restated)) and cash outflows from investing activities (including payments for exploration and evaluation activities) of $10,737,965 (31 December 2021: $3,953,323 (restated)). The details of the prior period restatement are disclosed in Note 2(d).

Based on a cash flow forecast prepared by management, with the Company's working capital surplus at 31 December 2022 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.

(d) Prior period adjustments

In prior years, the Group has recorded the reimbursement of capitalised exploration costs by the earn-in party at the Mangaroon Ni-Cu-PGE Project as revenue in the consolidated statement of profit or loss. In substance, this is the portion of exploration costs required as part of the Earn-in Agreement and should have been recognised as such. The reimbursement of capitalised exploration costs for the financial year ended 30 June 2022 amounted to $306,362 and for the financial year ended 30 June 2021 amounted to $158,116 totalling $464,478. For the half-year ended 31 December 2021, the net amount credited to capitalised exploration costs is $56,939 which relates to the total amounts received from the earn-in party of $73,930 previously offset to administration expense less $16,991 which is now considered as actual revenue item in the consolidated statement of profit or loss.

The following table summarises the impact of the prior period adjustment on the consolidated financial statements of the Group:

	31-Dec-21 As reported $	Adjustment $	31-Dec-21 As restated $
Consolidated statement of profit or loss and other comprehensive income			
Receipts from Earn-in agreement	-	16,991	16,991
Administration expenses	(420,461)	(73,930)	(494,391)
Loss before/after income tax for the period	(978,146)	(56,939)	(1,035,085)
Total comprehensive loss for the period	(978,146)	(56,939)	(1,035,085)

Notes to the Condensed Consolidated Financial Statements

2. BASIS OF PREPARATION (CONT'D)

(d) Prior period adjustments (cont'd)

	30-Jun-22 As reported $	Adjustment $	30-Jun-22 As restated $
Consolidated statement of financial position			
Exploration assets	17,660,998	(464,478)	17,196,520
Total assets	**21,039,867**	**(464,478)**	**20,575,389**
Net assets	**19,515,212**	**(464,478)**	**19,050,734**
Accumulated losses	(42,209,359)	(464,478)	(42,673,837)
Total equity	**19,515,212**	**(464,478)**	**19,050,734**

	30-Jun-21 As reported $	Adjustment $	30-Jun-21 As restated $
Consolidated statement of financial position			
Exploration assets	10,371,428	(158,116)	10,213,312
Total assets	**13,608,349**	**(158,116)**	**13,450,233**
Net assets	**12,158,775**	**(158,116)**	**12,000,659**
Accumulated losses	(40,775,595)	(158,116)	(40,933,711)
Total equity	**12,158,775**	**(158,116)**	**12,000,659**

	31-Dec-21 As reported $	Adjustment $	31-Dec-21 As restated $
Consolidated statement of cash flows			
Payment to suppliers and employees	(803,135)	(56,939)	(860,074)
Net cash outflow from operating activities	**(708,846)**	**(56,939)**	**(765,785)**
Payment for exploration and evaluation activities	(3,804,539)	56,939	(3,747,600)
Net cash outflow from investing activities	**(4,010,262)**	**56,939**	**(3,953,323)**

The prior period adjustment did not have a material impact on basic or diluted loss per share.

Notes to the Condensed Consolidated Financial Statements

3. EXPLORATION AND EVALUATION EXPENDITURE

	31-Dec-22	30-Jun-22 Restated*	30-Jun-21 Restated*
	$	$	$
Exploration and evaluation expenditure			
Capitalised exploration and evaluation expenditure at cost, as reported	**30,235,825**	17,660,998	10,371,428
Adjustment for reimbursement of earn-in costs	**-**	(464,478)	(158,116)
Capitalised exploration and evaluation expenditure at cost, as restated	**30,235,825**	17,196,520	10,213,312
Balance at the beginning of the period	**17,196,520**	10,213,312	5,104,501
Expenditure incurred	**7,867,217**	7,354,785	5,265,864
Acquisitions	**4,894,261**	58,500	-
Acquired through Odette Seven Pty Ltd	**514,740**	-	-
Reimbursements of earn-in costs (note 2 (d))	**-**	(306,362)	(158,116)
Impairment/written off	**(92,913)**	(123,715)	(315,169)
Government grant received	**(144,000)**	-	-
Balance at the end of the period, as restated	**30,235,825**	17,196,520	10,213,312

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

**For details of the prior year restatement refer to note 2(d).*

4. FINANCIAL ASSETS

	31-Dec-22	30-Jun-22
	$	$
Investment in listed entity:		
Fair value at beginning of the period/year	**150,000**	-
Additions at cost	**-**	100,000
Disposal	**(183,255)**	
Change in fair value	**33,255**	50,000
Fair value at end of the period/year	**-**	150,000

In June 2021, the Group entered into an agreement to divest tenements in its Rocky Dam projects to Lycaon Resources Ltd ("Lycaon"), 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 30 June 2022, the investment was revalued to reflect the share price of Lycaon as of that date which resulted in a gain in fair value of $50,000. During the period ended 31 December 2022, the Group sold the Lycaon shares for a net consideration of $183,255.

Notes to the Condensed Consolidated Financial Statements

5. ISSUED CAPITAL

(a) Issued capital

	31-Dec-22	30-Jun-22
	$	$
Ordinary shares fully paid	**75,677,508**	60,954,153

Date		Number of shares	$
Date	**Opening balance 1 July 2021**	2,648,291,761	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 – tenement acquisition	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
31/01/2022	Options exercised	1,500,000	15,000
	Exercise of options and conversion of notes	-	522,958
	Less: Transaction costs	-	(518,843)
	Closing balance 30 June 2022	**2,838,683,551**	**60,954,153**

Date		Number of shares	$
Date	**Opening balance 1 July 2022**	2,838,683,551	60,954,153
01/08/2022	Issue of shares – tenement acquisition	2,350,000	108,100
04/08/2022	Placement	200,000,000	12,000,000
15/09/2022	Options exercised	1,500,000	60,000
31/10/2022	Options exercised	4,400,000	78,500
31/10/2022	Issue of shares – tenement acquisition	2,778,000	277,800
31/10/2022	Acquisition of a business	3,000,000	345,000
10/11/2022	Issue of shares – tenement acquisitions	21,000,000	2,079,000
16/12/2022	Director participation - placement	5,833,334	350,000
	Exercise of options – transfer from reserve	-	189,024
	Less: Transaction costs	-	(764,069)
	Closing balance 31 December 2022	**3,079,544,885**	**75,677,508**

Notes to the Condensed Consolidated Financial Statements

6. SHARE-BASED PAYMENTS RESERVE

	31-Dec-22	30-Jun-22
	$	$
Options (a)	**914,273**	770,418
Performance rights (b)	**965,493**	-
	1,879,766	770,418

(a) Options

At 31 December 2022, there were 80,953,098 unissued ordinary shares under option (30 June 2022: 77,500,000 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
14,100,000	0.040	2 Jul 24
2,000,000	0.060	11 Aug 24
2,000,000	0.060	26 Nov 24
8,500,000	0.065	14 Jul 25
853,098	0.1575	16 Dec 25

Grant Date		Number of options	$
	At beginning of period	**77,500,000**	**770,418**
14/07/2022	Options issued – employees[1]	**8,500,000**	**140,266**
16/12/2022	Options issued - Director[2]	**853,098**	**55,406**
	Options previously issued – vested portion	**-**	**137,207**
	Options exercised during the period	**(5,900,000)**	**(189,024)**
	At end of period	**80,953,098**	**914,273**

Fair value of options issued during the period

(1) On 14 July 2022, the Company granted 8,500,000 options via the Dreadnought Employee Option Plan to employees of the Company who are not related parties of the Company. The options have an exercise price of $0.065 and expire on 14 July 2025. These options will vest on 12 months of continued employment.

The options were deemed to have a fair value at grant date of $0.0355 per option. This value was calculated using the Black-Scholes option pricing model applying the following inputs:

Share price	$0.049
Exercise price	$0.065
Expected volatility	132.48%
Risk free interest rate	3.02%
Useful life	3 years

(2) On 30 November 2022, shareholders approved the grant of 853,098 options to a Director as part of the Director's remuneration package. The options have an exercise price of $0.1575 and expire on 16 December 2025. There are no vesting conditions.

Notes to the Condensed Consolidated Financial Statements

6. SHARE-BASED PAYMENTS RESERVE (continued)

The options were deemed to have a fair value of $0.0649 per option. This value was calculated using the Black-Scholes option pricing model applying the following inputs on 30 November 2022:

Share price	$0.100
Exercise price	$0.1575
Expected volatility	119.94%
Risk free interest rate	3.17%
Useful life	3 years

(b) Performance rights

On 16 December 2022, the Company issued 30,550,000 unlisted performance rights via the Dreadnought Long Term Incentive Plan. 6,800,000 rights were issued to Directors and 23,750,000 rights were issued to employees of the Company who are not related parties of the Company. The performance rights are subject to the following vesting conditions:

- Tranche 1: A Resource of at least the Inferred category of 10Mt @ > 1% TREO by 31 December 2022.
- Tranche 2: A Resource of at least the Inferred category of 20Mt @ > 1% TREO by 31 December 2023.
- Tranche 3: A Resource of at least the Inferred category of 30Mt @ > 1% TREO by 31 December 2024.

Grant Date		Number of performance rights	$
	At beginning of period	**-**	**-**
30/11/2022	Performance rights - Directors[1]	**6,800,000**	**237,016**
08/12/2022	Performance rights – employees [2]	**23,750,000**	**728,477**
	At end of period	**30,550,000**	**965,493**

Fair value of performance rights issued during the period

[1] The fair value of 6,800,000 performance rights issued to Directors has been calculated at $680,000. The fair value was calculated using the share price of $0.10 at grant date, being 30 November 2022.

On 31 December 2022, the vesting condition for Tranche 1 was achieved and 2,266,667 performance rights vested. On 13 January 2023, 2,266,667 fully paid ordinary shares were then issued to the Directors. The share-based payment expense during the period ended 31 December 2022 arising from the above performance rights issued to Directors was $237,016.

[2] The fair value of 23,750,000 performance rights issued to employees has been calculated at $2,090,000. The fair value was calculated using the share price of $0.088 at grant date, being 8 December 2022.

On 31 December 2022, the vesting condition for Tranche 1 was achieved and 7,916,668 performance rights vested. On 13 January 2023, 7,916,668 fully paid ordinary shares were then issued to employees. The share-based payment expense during the period ended 31 December 2022 arising from the above performance rights issued to employees was $728,477.

Notes to the Condensed Consolidated Financial Statements

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 2022, a Director, received 853,098 options as part of the Director's remuneration package (Refer to Note 6). The Company also issued 6,800,000 performance rights to Directors. (Refer to Note 6). There are no other transactions with KMP during the half-year ended 31 December 2022.

(b) Subsidiaries:

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

Name of subsidiary	% ownership interest 31-Dec-22	% ownership interest 30-Jun-22
Dreadnought Exploration Pty Ltd (formerly Dreadnought Kimberly Pty Ltd)	**100**	100
Dreadnought Yilgarn Pty Ltd	**100**	100
Odette Seven Pty Ltd*	**100***	-

*On 18 October 2022, the Company, acquired 100% of the ordinary shares of Odette Seven Pty Ltd ("Odette") for the total consideration of 3,000,000 fully paid and issued shares of the Company. Odette owns the rights to tenements E08/3356, E52/3936 and E52/3937. The shares were issued on 31 October 2022 at an issue price of $0.115 per share for a total amount of $345,000. Subsequent to settlement date, the Company also settled the amount due to the previous shareholder of Odette amounting to $150,000.

The transaction did not meet the definition of a business combination under AASB 3 Business Combinations and was therefore accounted for as an asset acquisition.

9. LOSS PER SHARE

	31-Dec-22	31-Dec-21 Restated*
	$	$
Loss per share (basic and diluted) (cents per share)	**(0.09)**	(0.04)
Loss for the period ($)	**(2,566,228)**	(1,035,085)
Weighted average number of ordinary shares (number)	**3,013,124,084**	2,711,144,266

As the Company has incurred a loss, any exercise of options would be antidilutive therefore the basic and diluted loss per share are equal.

**For details of the prior year restatement refer to note 2(d).*

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 $5,215,794 at 31 December 2022 (30 June 2022: $3,086,760) in respect of tenement lease rentals and to meet minimum expenditure requirements. Earn-in parties are responsible for meeting a portion of this outlay.

12. CONTINGENCIES

On 26 October 2022, Dreadnought Resources entered into an option and license agreement for tenements E30/499, P30/1157 and E29/1074 with an unrelated vendor. The terms of the agreement are as follows:

a) Initial option fee of $50,000 applicable for twelve months (paid);
b) Option extension fee of $50,000 to extend the option period for another twelve months;
c) Upon Dreadnought giving an exercise notice, the vendor agrees to sell and Dreadnought agrees to purchase the tenements for a consideration of $1,000,000; and
d) Grant of royalty to the vendor at $1 per tonne of iron ore and 1% gross royalty payable on all minerals other than iron ore.

As part of the consideration for the acquisition of tenements 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, E09/2473, E09/2448, E09/2449, E09/2450, E16/495, E30/493, E30/494, E77/2403, E77/2416, E77/2432, E77/2634, E09/2290, M09/146, M09/147, M09/174, M09/175, E52/4082, E52/4083, E08/3495, E08/3496, E08/3356, E52/3936 and E52/3937 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 2022.

Notes to the Condensed Consolidated Financial Statements

13. SUBSEQUENT EVENTS

On 13 January 2023, Dreadnought advised that the Class A Performance Rights vested upon the Company announcing an Inferred Resource of 10Mt @ >1% TREO by 31 December 2022. As a result of achieving the vesting condition for Class A Performance Rights, 10,183,335 ordinary fully paid shares were issued to eligible Directors and employees.

On 8 February 2023, Dreadnought issued 200,000,000 ordinary fully paid shares to institutional and sophisticated investors at an issue price of $0.10 per share to raise $20,000,000 before costs. The proceeds will be used primarily to accelerate drilling activities at Dreadnought's 100% owned Mangaroon Rare Earth Project where the range and scale of minerals indicate Mangaroon is a world-class critical metals province.

In addition, the Directors of Dreadnought have also made commitments to invest $1.4 million at the same price of $0.10 per share (subject to shareholder approval at a general meeting to be held on 29 March 2023).

On 8 February 2023, Dreadnought issued 2,000,000 ordinary fully paid shares as a result of early exercise of options by certain employees. The options were exercisable at any time until 2 July 2024 at an exercise price of $0.04. The amount raised on the exercise of the options was $80,000. On the same date, Dreadnought also issued 2,000,000 ordinary fully paid shares as a result of early exercise of options by a Director. These options were exercisable at any time until 30 June 2024 at an exercise price of $0.005 per option. The amount raised on the exercise of the options was $10,000.

On 2 March 2023, Dreadnought announced the appointment of Dr Robert ("Rob") Gee as non-executive director. Rob has a Bachelor of Science in Engineering (Mineral Processing) with Honours and a PhD (Hydrometallurgy), both completed at the Royal School of Mines, Imperial College of Science and Technology, London. Rob also attained a Graduate Certificate in Management from the University of Newcastle. Rob is an experienced hydrometallurgist and technical manager with over thirty years' experience in the resources and battery chemicals sectors, with a significant focus on critical minerals extraction. Rob has held senior positions in both the private and public sectors working in operations, technical development and consulting. Rob has worked for a number of small and large organisations including BHP Group Limited and the Australian Nuclear Science and Technology Organisation ("ANSTO").

S&P Dow Jones Indices announced that, effective prior to the open of trading on 20 March 2023, Dreadnought was to be added to the All Ordinaries Index.

There has not been any other matter or circumstance occurring subsequent to the end of the financial period 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' 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 2022 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, 15 March 2023

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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 controlled entities (consolidated entity) which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration of the consolidated entity comprising the company and the entities it controlled at 31 December 2022, or during the half year.

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 consolidated entity's financial position as at 31 December 2022 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. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report.

Independence

We are independent of the company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Level 4, 35 Havelock Street, West Perth, WA 6005
PO Box 609, West Perth, WA 6872
T: +61 8 9426 8999 F: +61 8 9426 8900 www.pkfperth.com.au

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Directors' Responsibility for the Interim Financial Report

The Directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the Corporations Act 2001 and for such internal controls 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

Our responsibility is to express a conclusion on the half-year 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 half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporation Regulations 2001.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PKF Perth

PKF PERTH

SHANE CROSS
PARTNER

15 MARCH 2023
WEST PERTH,
WESTERN AUSTRALIA