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INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED
31 DECEMBER 2023



DREADNOUGHT
— RESOURCES —

ABN 40 119 031 864 | ASX:DRE

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CORPORATE DIRECTORY

DIRECTORS

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

COMPANY SECRETARY

Jessamyn Lyons

REGISTERED OFFICE & POSTAL ADDRESS

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AUDITORS

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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 2023 (the 'half-year' or the 'period').

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)

Robert Gee

(Non-executive Director)

OFFICERS OF THE COMPANY

Jessamyn Lyons

(Company Secretary)

REVIEW OF OPERATIONS

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.

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: REE (100%)

Background

The region is host to one of the world's largest carbonatite intrusive complexes comprised of the source Gifford Creek Carbonatite which contains REE-Nb-Ti-P-Sc mineralisation and the high NdPr:TREO ratio rare earth mineralisation within the Yin Ironstone Complex. Dreadnought has 100% ownership over the ~43km long Yin Ironstone Complex and over ~17kms of the Gifford Creek Carbonatite, both of which have been discoveries made by Dreadnought since 2020.

Update

- **Yin REE Ironstone Complex**

- The Resource now totals 29.98Mt @1.04% TREO, including the higher NdPr:TREO discoveries at Y2 and Yin North.
- An initial Measured Resource of 5.17Mt @ 1.34% TREO has been defined over ~250m of strike where the thick, high-grade Resource occurs at surface.
- The Indicated Resource has increased to 21.13Mt @1.02% TREO.

- **Large-scale Gifford Creek Carbonatite**

- Three new mineralised zones have been identified during recent RC drilling. These areas contain other critical minerals and have returned some of the highest-grade niobium phosphate and scandium ("**Nb-P-Sc**") results to date.
- Detailed 100m x 100m ground gravity and SkyTEM airborne EM data is being used to identify zones within the Gifford Creek Carbonatite with deeper weathering and potentially high-grade residually enriched mineralisation.

The 100% owned Mangaroon project is a globally significant critical minerals complex with a combined, high confidence Resource at Yin and the Gifford Creek Carbonatite of 40.82Mt @ 1.03% TREO (ASX: 30 Nov 2023), pointing to a long-life, strategically important Tier 1 project in one of the world's top investment jurisdictions, Western Australia.

DIRECTORS' REPORT

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

Background

First Quantum Minerals Ltd (TSE:FM "First Quantum Minerals"), a ~A\$20B TSX listed company, can earn a 51% interest in the Mangaroon Ni-Cu-PGE Project by funding \$12M of expenditure by 1 March 2026.

Update

During the period, a 10-hole RC drill program was completed at the Bookathanna North (7 holes) and High Range (3 holes) prospects at Mangaroon. Drilling at Bookathanna North intersected visual Ni-Cu sulphide mineralisation over a 400m strike. The first hole (REYRC013) intersected 23m of Ni-Cu-Co-PGE sulphides, including 2m of massive sulphides. Assays from the RC drill program (REYRC013-022) show that 6 of the 7 holes drilled at Bookathanna North hit the targeted keel position of the intrusion and successfully intersected mineralisation. The 7th hole did not intersect the keel of the intrusion and requires diamond tailing to extend the hole deeper. These results confirmed that thick near-surface sulphide mineralisation with high grade massive and semi massive sulphides exist within the Money Intrusion (ASX: 8 Nov 2023).

Mangaroon: Au (100%)

Background

The region is host to high-grade gold mineralisation at the Bangemall/Cobra and Star of Mangaroon gold mining centres which have seen minimal modern exploration. Dreadnought has secured the historic mining centres around the Star of Mangaroon and has located outcropping high-grade gold bearing quartz veins along the Edmund and Minga Bar Faults.

Update

Drilling was undertaken at Star of Mangaroon and the Lead Gold Mine during November 2023.

Significant intercepts from assays from RC holes drilled into the Star of Mangaroon include (ASX: 22 Jan 2024):

- SOMDD001: 1.4m @ 89.7 g/t Au from 16.0m
- SOMDD002: 2.5m @ 3.3 g/t Au from 68.2m
- SOMRC004: 9m @ 13.4 g/t Au from 9m including 2m @ 59.4g/t Au from 16m
- SOMRC005: 7m @ 23.0 g/t Au from 53m including 3m @ 48.9g/t Au from 54m
- SOMRC006: 8m @ 15.5 g/t Au from 89m including 3m @ 30.4g/t Au from 90m
- SOMRC007: 1m @ 4.0 g/t from 19m
- SOMRC008: 2m @ 4.8 g/t Au from 68m

These assay results are an excellent start to unlocking the high-grade gold potential at not only the Star of Mangaroon but the entire consolidated project area which will be systematically explored using modern techniques. Dreadnought has already identified 7 new prospects in an area with camp scale potential which has never seen systematic exploration due to the previous fractured, small scale ownership. There will be a strong focus on gold along the Mangaroon Shear Zone in 2024.

Tarraj-Yampi: Cu-Ag-Au-Co (80% / 100%)

Background

Tarraj-Yampi is located in the Kimberley Region of Western Australia with proven Cu-Ag-Au-Co mineralisation and immediately along strike from the Merlin/Double Magic and Dogleg Ni-Cu-PGE discoveries (IGO/BUX). Dreadnought delivered the Orion Cu-Ag-Au-Co massive sulphide discovery in 2021 and has identified 14 high-quality Orion look-alikes with a similar geochemical and geophysical signature underscoring the potential for further discoveries in an emerging field.

Update

In October 2023, the Company announced the completion of a shortened drilling program and geophysical surveys. The drilling comprised 11 RC holes (1,289m) and 2 diamond holes (530.3m) and faced operational challenges such as bush fires and rig breakdowns. Accordingly, the program was limited to testing only 4 targets. Nevertheless, the program yielded promising results.

Diamond holes KMRD056 and KMRD057 extended mineralisation at Orion by 100m down dip, making Orion ~350m wide x 150m long x 250m deep, with modelling indicating potential for depth to >500m. Additionally, 7 RC holes testing EM conductors revealed mineralisation similar to that found around Orion's fringes, with downhole EM confirming the presence of off-hole and edge-hit anomalies. Two RC holes drilled into Ironclad uncovered quartz-sulphide veining along a significant structure. However, two RC holes were abandoned due to ground conditions, leaving their respective targets effectively untested.

Completion of the program is planned for 2024 as is a follow-up on the promising results achieved.

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DIRECTORS' REPORT

Central Yilgarn: Gold, Base Metals, Critical Minerals and Iron Ore Project (100%)

Background

Central Yilgarn is located ~190km northwest of Kalgoorlie in the Yilgarn Craton. The project comprises ~1,400 kms² covering ~150km of strike along the majority of the Illaara, Yerilgee, South Elvire and Evanston greenstone belts. Central Yilgarn is prospective for typical Archean mesothermal lode gold deposits, VMS base metals, komatiite hosted nickel sulphides and critical metals including Lithium-Caesium-Tantalum pegmatites. The project contains a shallow, high-grade Indicated and Inferred Resource at Metzke's Find of 14.9koz @ 6.8 g/t Au (ASX: 27 Apr 2023).

Update

A lithium review was completed in the area resulting in 10 camp scale LCT pegmatite targets. Surface sampling and mapping have commenced, and evaluation of all targets will continue into 2024 following a comprehensive gold and base metal review.

Bresnahan: HREE, U-, Au-Sb (100%) Project (100%)

Background

Bresnahan is a heavy rare earth element ("HREE"), Uranium ("U") and gold-silver-antimony ("Au-Ag-Sb") project containing >4,000kms² prospective ground. Assays from reconnaissance surface sampling have confirmed unconformity HREE mineralisation, similar to the Browns Range project. HREE mineralisation is also supported by extensive and detailed geophysics. There is also known uranium mineralisation with extensive and detailed geophysics supporting multiple near drill-ready targets defined by major uranium companies including Cameco and Vale. Known Au-Ag-Sb mineralisation exists along the same crustal scale structures as Paulsens, and Mount Olympus.

Update

During the period, the Company entered into an agreement to acquire 100% of two tenements covering 20kms² strategically located within Dreadnought's 100% owned HREE, U-, Au-Ag-Sb Bresnahan project. The acquisition represents a significant regional consolidation over a highly prospective area. The key commercial terms of the acquisition were announced on 4 October 2023.

Corporate Highlights:

I. The following are the corporate highlights during the half-year ended 31 December 2023:

- i. Performance Rights vesting and exercised:
 - On 5 July 2023, the vesting condition for Class B was achieved and 2,566,667 Performance Rights for directors and 11,983,334 Performance Rights for employees vested.
 - On 1 August 2023, the Company issued 2,566,667 fully paid ordinary shares and 11,983,334 fully paid ordinary shares to the directors and employees, respectively upon exercising the vested rights.
 - On 28 August 2023, the vesting condition for Class C was achieved and 2,566,667 Performance Rights for directors and 11,983,329 Performance Rights for employees vested.
 - On 4 September 2023, the Company issued 2,566,667 fully paid ordinary shares and 11,983,329 fully paid ordinary shares to the directors and employees, respectively upon exercising the vested rights.
- ii. Performance Rights granted:
 - On 4 December 2023, the Company issued 3,600,000 Performance Rights to a director and 13,900,000 to employees.
 - These were divided into four equal tranches subject to the following vesting conditions:
 - Class D: The Company's Volume Weighted Average Market Price over a period of 20 consecutive Trading Days (20-day VWAP) being at least \$0.10.
 - Class E: The 20-day VWAP being at least \$0.15.
 - Class F: Completion of 12 months continued service from the date of issue of the Performance Rights.
 - Class G: Completion of 24 months continued service from the date of issue of the Performance Rights
- iii. Capital raisings:
 - In October 2023, the Company completed a placement at \$0.047 per share to institutional and sophisticated investors raising \$3,960,000 (before costs). On 9 October 2023, the Company issued 84,255,319 shares relating to the placement.
 - The placement conditions were also extended to eligible shareholders under a Share Purchase Plan raising \$628,000 (before costs) and on 30 October 2023, 13,361,764 shares were issued to shareholders who participated in this plan.
- iv. In addition, the directors contributed a further \$1,040,000 to the placement, which was approved by shareholders at the annual general meeting held on 23 November 2023. On 22 December 2023, 22,127,660 shares were accordingly issued to the directors.
- v. Tenement acquisitions:
 - On 6 June 2023, the Group executed a tenement sale and purchase agreement with an unrelated party to acquire a 100% interest in mining tenement M09/091. The key commercial terms included \$120,000 in cash, 2,500,000 fully paid ordinary shares at completion in July 2023 and a 1.0% gross royalty. These shares were issued on 18 August 2023.

DIRECTORS' REPORT

- On 4 October 2023, the Group executed a tenement sale and purchase agreement with an unrelated party to acquire a 100% interest in exploration tenement E52/3412 and E52/3462. The key commercial terms included \$100,000 in cash, 2,500,000 fully paid ordinary shares at completion and a 1.0% gross royalty. At 31 December 2023 the issue of the shares was still pending. The shares were subsequently issued on 13 February 2024.

2. The following are the corporate highlights subsequent to 31 December 2023:

The Company received an R&D rebate of \$2.1m on 9 February 2024 as a tax incentive in respect of the 2023 Financial Year. This is in relation to extensive metallurgical research and development studies concerning the methods required for production of mineral concentrates from Yin and the Gifford Creek Carbonatites. These studies also extend into the methods by which rare earths will be extracted into an intermediate production for further midstream refining.

The Company issued 2,500,000 shares on 13 February 2024 in respect of the completion of the tenement acquisition of E52/3412 and E52/3462 as approved by Shareholders and the Annual General Meeting held on 23 November 2023.

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.

FINANCIAL PERFORMANCE & FINANCIAL POSITION

The financial results of the Group for the half-year ended 31 December 2023 are:

	31-Dec-23	30-Jun-23	% Change
Cash and cash equivalents (\$)	2,825,759	5,664,368	(50%)
Net assets (\$)	54,558,081	50,841,416	7%

	31-Dec-23	31-Dec-22	% Change
Interest income (\$)	115,727	-	-
Net loss after tax (\$)	(3,447,698)	(2,566,228)	34%
Loss per share (cents) *	(0.10)	(0.09)	11%

* 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 2023, the Group had net assets of \$54,558,081 (30 June 2023: \$50,841,416). During the half-year, the Group had cash outflows from operating activities of \$1,136,563 (31 December 2022: \$575,846) and cash outflows from investing activities (including payments for exploration and evaluation activities) of \$7,014,252 (31 December 2022: \$10,737,965).

Based on a cash flow forecast prepared by management, with the Company's working capital surplus at 31 December 2023 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.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Independence Declaration by the lead auditor under Section 307C is included on page 6 to the Interim Financial Report.

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



Dean Tuck
Managing Director
Perth, 28 February 2024



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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 2023, 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
SHANE CROSS
PARTNER

28 February 2024
WEST PERTH,
WESTERN AUSTRALIA

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	31-Dec-23 \$	31-Dec-22 \$
Receipts from Joint Venture		-	150,000
Interest received		115,727	-
Other income		108,607	35,801
Administration expenses		(842,073)	(957,608)
Depreciation expense		(62,850)	(36,620)
Amortisation expense		(19,192)	(18,932)
Interest expense		(7,914)	(9,540)
Exploration and evaluation expenditure		(7,166)	(135,846)
Loss on disposal of assets		(13,177)	-
Legal fees		(109,335)	(67,662)
Impairment of exploration and evaluation expenditure		(493,919)	(92,913)
Staff costs		(403,884)	(134,536)
Share-based payment expense		(1,712,522)	(1,298,372)
Loss before income tax for the period		(3,447,698)	(2,566,228)
Income tax expense		-	-
Loss after income tax for the period		(3,447,698)	(2,566,228)
Other comprehensive loss for the period		-	-
Total comprehensive loss for the period		3,447,698	(2,566,228)
Loss per share attributable to ordinary equity holders			
Basic loss per share (cents)	9	(0.10)	(0.09)
Diluted loss per share (cents)	9	(0.10)	(0.09)

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-23 \$	30-Jun-23 \$
ASSETS			
Current Assets			
Cash and cash equivalents		2,825,759	5,664,368
Trade and other receivables		572,159	348,328
Other assets		368,918	446,801
Financial assets	4	11,725	6,011,725
Total Current Assets		3,778,561	12,471,222
Non-Current Assets			
Property, plant and equipment		352,354	450,526
Right-of-use-assets		141,987	160,919
Exploration assets	3	51,443,177	42,278,019
Total Non-Current Assets		51,937,518	42,889,464
Total assets		55,716,079	55,360,686
LIABILITIES			
Current Liabilities			
Trade and other payables		795,373	4,197,297
Provisions		201,510	144,397
Lease liabilities		36,633	34,192
Total Current Liabilities		1,033,516	4,375,886
Non-Current Liabilities			
Lease liabilities		124,482	143,384
Total Non-Current Liabilities		124,482	143,384
Total Liabilities		1,157,998	4,519,270
Net Assets		54,558,081	50,841,416
EQUITY			
Issued capital	5	105,002,068	97,104,008
Reserves	6	1,199,533	1,933,230
Accumulated losses		(51,643,520)	(48,195,822)
Total equity		54,558,081	50,841,416

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 \$	Total Equity \$
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
As at 1 July 2023	97,104,008	1,933,230	(48,195,822)	50,841,416
Comprehensive income				
Loss for the period	-	-	(3,447,698)	(3,447,698)
Other comprehensive loss	-	-	-	-
Total comprehensive loss for the period	-	-	(3,447,698)	(3,447,698)
Transactions with owners in their capacity as owners:				
Share issues, net of transaction costs and tax	5,375,124	-	-	5,375,124
Exercise of performance rights	2,522,936	(2,522,936)	-	-
Issue and vesting of performance rights	-	1,646,440	-	1,646,440
Issue and vesting of options	-	142,799	-	142,799
As at 31 December 2023	105,002,068	1,199,533	(51,643,520)	54,558,081

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-23 \$	31-Dec-22 \$
Cash flows from operating activities		
Payment to suppliers and employees	(1,360,897)	(1,094,846)
Receipt from JV partner	-	375,000
Interest received	115,727	-
Other income	108,607	-
Interest and other costs of finance paid	-	-
Government grants	-	144,000
Net cash outflow from operating activities	(1,136,563)	(575,846)
Cash flows from investing activities		
Payment for property, plant and equipment	(15,130)	(58,298)
Proceeds on disposal of equipment	37,275	-
Payment for exploration and evaluation activities	(13,802,310)	(10,862,706)
Payments for tenement acquisitions	(121,235)	-
Receipt from JV partner	365,618	-
Government grants	521,530	-
Funds released from term deposits	6,000,000	-
Proceeds from sale of financial asset	-	183,039
Net cash outflow from investing activities	(7,014,252)	(10,737,965)
Cash flows from financing activities		
Proceeds from the issue of shares	5,628,000	12,350,000
Share issue costs	(291,159)	(764,069)
Payment of lease liability	(24,635)	(23,803)
Proceeds from exercise of options	-	138,500
Net cash inflow from financing activities	5,312,206	11,700,628
Cash and cash equivalents at the beginning of the period	5,664,368	2,501,971
Net (decrease) / increase in cash and cash equivalents	(2,838,609)	386,817
Cash and cash equivalents at the end of the period	2,825,759	2,888,788

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

Notes to the Condensed Consolidated Financial Statement

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 2023 (the "half-year" or the "period") comprises 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 2023 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 28 February 2024.

(a) Summary of the material accounting policy information

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 2023, the Directors have reviewed all 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.

(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 2023 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 2023, the Group had net assets of \$54,558,081 (30 June 2023: \$50,841,416).

During the half-year, the Group had cash outflows from operating activities of \$1,136,563 (31 December 2022: \$575,846) and cash outflows from investing activities (including payments for exploration and evaluation activities) of \$7,014,252 (31 December 2022: \$10,737,965).

Based on a cash flow forecast prepared by management, with the Company's working capital surplus at 31 December 2023 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.

Notes to the Condensed Consolidated Financial Statement

3. Exploration and Evaluation Expenditure

	31-Dec-23 \$	30-Jun-23 \$
Exploration and evaluation expenditure		
Capitalised exploration and evaluation expenditure at cost	51,443,177	42,278,019
Balance at the beginning of the period	42,278,019	17,196,520
Expenditure incurred	10,823,951	20,130,695
Acquisitions	236,235	4,922,495
Acquired through Odette Seven Pty Ltd	-	514,740
Impairment/written off	(493,919)	(342,431)
JV Contributions	(846,271)	-
Government grant – R&D credits	(364,499)	-
Government grant received	(190,339)	(144,000)
Balance at the end of the period	51,443,177	42,278,019

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

R&D credits were in relation to expenditure incurred in FY2021 and FY2022 where Research and Development undertaken to develop new techniques using Ultrafine technology to understand regolith in covered terrain and whole-rock lithogeochemical study of the Yampi-Taraji and Illaara deposits.

4. Financial Assets

	31-Dec-23 \$	30-Jun-23 \$
Investment in listed entity / term deposits:		
Fair value at beginning of the period/year	6,011,725	150,000
Funds invested in term deposits	-	6,011,725
Fund released from term deposits / disposal of listed investments	(6,000,000)	(183,255)
Change in fair value	-	33,255
Fair value at end of the period/year	11,725	6,011,725

During the period ended 31 December 2023, the Group released \$6,000,000 from term deposits.

During the year ended 30 June 2023, the Group sold the Lycaon shares for a net consideration of \$183,255 and invested \$6,011,725 in term deposits.

Notes to the Condensed Consolidated Financial Statement

5. Issued Capital

		31-Dec-23 \$	30-Jun-23 \$
Ordinary shares fully paid		105,002,068	97,104,008
		No.	\$
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
13/01/2023	Issue of shares – Class A Performance Rights exercised	10,183,335	923,334
08/02/2023	Placement	200,000,000	20,000,000
08/02/2023	Options exercised	4,000,000	90,000
04/04/2023	Director participation – placement	14,000,000	1,400,000
04/04/2023	Options exercised	5,000,000	30,000
24/05/2023	Options exercised	15,000,000	90,000
	Exercise of options – transfer from reserve	-	354,328
	Less: Transaction costs	-	(2,036,207)
	Closing balance 30 June 2023	3,327,728,220	97,104,008
		No.	\$
Date	Opening balance 1 July 2023	3,327,728,220	97,104,008
01/08/2023	Issue of shares – Class B Performance Rights exercised	14,550,001	1,261,468
18/08/2023	Issue of shares – tenement acquisition	2,500,000	115,000
09/10/2023	Placement	84,255,319	3,960,000
30/10/2023	Share purchase plan	13,361,764	628,000
04/09/2023	Issue of shares – Class C Performance Rights exercised	14,549,996	1,261,468
22/12/2023	Director participation - placement	22,127,660	1,040,000
	Less: Transaction costs	-	(367,876)
	Closing balance 31 December 2023	3,479,072,960	105,002,068

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Notes to the Condensed Consolidated Financial Statement

6. Share-Based Payment Reserves

	31-Dec-23	30-Jun-23
	\$	\$
Options (a)	1,176,305	1,033,506
Performance rights (b)	23,228	899,724
	1,199,533	1,933,230

(a) Options

At 31 December 2023, there were 66,176,249 unissued ordinary shares under option (30 June 2023: 60,176,249 options). The details of the unlisted options are as follows:

Number	Exercise Price	Expiry Date
30,000,000	0.0050	09/04/2024
1,500,000	0.0050	30/06/2024
12,100,000	0.0400	02/07/2024
2,000,000	0.0600	11/08/2024
2,000,000	0.0600	26/11/2024
8,500,000	0.0650	14/07/2025
6,000,000	0.0940	09/10/2025
853,098	0.1575	16/12/2025
1,223,151	0.1200	02/03/2026
2,000,000	0.0750	14/06/2026
66,176,249		

Grant Date		No.	\$
	At beginning of period	60,176,249	1,033,506
	Options previously issued – vested portion	-	66,082
	Options issued to Shaw and Partners and their nominees	6,000,000	76,717
	Options exercised during the period	-	-
	At end of period	66,176,249	1,176,305

On 26 September 2023, the Company granted 6,000,000 options to Shaw and Partners and their nominees for their role as Lead Manager in the Company's placement. The options were issued on 9 October 2023 and have an exercise price of \$0.094 and an expiry date of 9 October 2025.

The options were deemed to have a fair value at grant date of \$0.0141 per option. This value was calculated using the Black-Scholes option pricing model applying the following inputs:

Share price	\$0.052
Exercise price	0.0094
Expected volatility	76%
Risk free interest rate	3.83%
Useful life	2.04 years

Notes to the Condensed Consolidated Financial Statement

6. Share-Based Payment Reserves (continued)

(b) Performance rights

On 4 December 2023, the Company issued 17,500,000 unlisted performance rights divided equally into four classes via the Dreadnought Employee Equity Incentive Plan. 3,600,000 rights were issued to a director and 13,900,000 rights were issued to employees of the Company subject to the following vesting conditions:

- Class D: The Company's Volume Weighted Average Market Price over a period of 20 consecutive Trading Days (20-day VWAP) being at least 10 cents.
- Class E: The 20-day VWAP being at least 15 cents.
- Class F: Completion of 12 months continued service from the date of issue of the Performance Rights.
- Class G: Completion of 24 months continued service from the date of issue of the Performance Rights

		No.	\$
Grant Date	At beginning of period	27,599,997	899,724
04/07/2023	Class B Rights – issued - Employees	750,000	39,000
04/07/2023	Class c Rights- – issued - Employee	750,000	39,000
	Class B Rights – vesting expense during period ⁽¹⁾	-	625,200
	Class C Rights – vesting expense during period ⁽²⁾		920,012
	Class B Rights - vested and exercised ⁽¹⁾	(14,550,001)	(1,261,468)
	Class C Rights - vested and exercised ⁽²⁾	(14,549,996)	(1,261,468)
01/12/2023	Class D, E F & G Rights – issued - Director ⁽³⁾	3,600,000	4,778
01/12/2023	Class D, E F & G Rights – issued - Employees ⁽⁴⁾	13,900,000	18,450
	At end of period	17,500,000	23,228

Share-based payment expense in relation to vested rights

- ⁽¹⁾ The vesting conditions for **Class B** were achieved on 5 July 2023 and 14,550,001 performance rights vested resulting in 2,566,667 fully paid ordinary shares being issued to the Directors on 1 August 2023 and 11,983,334 fully paid ordinary shares being issued to employees on 1 August 2023. The total share-based payment expense arising from these performance rights was **\$664,200** during the period ended 31 December 2023, of which \$120,028 was for Directors and \$544,172 was for employees.
- ⁽²⁾ The vesting conditions for **Class C** were achieved on 28 August 2023 and 14,549,996 performance rights vested resulting in 2,566,667 fully paid ordinary shares being issued to the Directors on 4 September 2023 and 11,983,329 fully paid ordinary shares being issued to employees on 4 September 2023. The total share-based payment expense arising from these performance rights was **\$959,012** during the period ended 31 December 2023, of which \$183,553 was for Directors and \$775,459 was for employees.

Fair value of performance rights issued during the period

- ⁽³⁾ The fair value of 3,600,000 performance rights issued to a director has been calculated at **\$77,940**.
- ⁽⁴⁾ The fair value of 13,900,000 performance rights issued to employees has been calculated at **\$300,936**.
- ⁽⁵⁾ The fair value of **Class D** and **Class E** were valued using a combination of the Hoadley's Barrier 1 Model and Hoadley's Parisian Model.
- ⁽⁶⁾ The fair value of **Class F** and **Class G** was calculated using the share price of \$0.032 at grant date, being 1 December 2023.

Assumption	Class D	Class E	Class F	Class G
Valuation date	1 December 2023	1 December 2023	1 December 2023	1 December 2023
Expiry date	31 December 2025	31 December 2025	31 December 2025	31 December 2025
Underlying security price	\$0.032	\$0.032	\$0.032	\$0.032
Exercise Price	Nil	Nil	Nil	Nil
Risk free interest rate	4.06%	4.06%	n/a	n/a
Volatility	80%	80%	n/a	n/a
Implied barrier price	\$0.1318	\$0.1978	n/a	n/a
Value per right	\$0.0138	\$0.0088	\$0.032	\$0.032
Quantity issued	4,375,000	4,375,000	4,375,000	4,375,000
Total Value	\$60,376	\$38,500	\$140,000	\$140,000

Notes to the Condensed Consolidated Financial Statement

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 identified segments for the broader project areas under which exploration and evaluation activities have been conducted. (Refer to Note 3 for further information.)

Other non-current assets are utilised across all segments and are thus not allocated to individual segments, and non-current liabilities relate to the lease for the business premises which has not been allocated to any operating segments.

	Mangaroon (REE) \$	Mangaroon (Other) \$	Mangaroon (Total) \$	Central Yilgarn \$	Bresnahan \$	Kimberley \$	Total \$
Balance at 1 July 2022	-	-	2,317,582	7,368,409	-	7,510,529	17,196,520
Expenditure incurred	-	-	17,100,194	942,598	242,970	1,844,933	20,130,695
Acquisitions	-	-	3,000,476	1,920,568	520,940	(4,749)	5,437,235
Government grants	-	-	(144,000)	-	-	-	(144,000)
Impairment	-	-	(141,427)	-	(58,207)	(142,797)	(342,431)
Balance at 30 June 2023	-	-	22,132,825	10,231,575	705,703	9,207,916	42,278,019
Impairment at 31 December 2022	-	-	-	-	(57,506)	(34,707)	(92,213)
Reconciliation					Segment Allocations \$	Unallocated \$	Total \$
Total Non-current Assets					42,278,019	611,445	42,889,464
Total Non-current Liabilities					-	(143,384)	(143,384)
Net loss					(92,913)	(2,473,315)	(2,566,228)
	Mangaroon (REE) \$	Mangaroon (Other) \$	Mangaroon (Total) \$	Central Yilgarn \$	Bresnahan \$	Kimberley \$	Total \$
Balance at 1 July 2023	-	-	22,132,825	10,231,575	705,703	9,207,916	42,278,019
Segment apportionment *	16,473,792	5,209,043	(22,132,825)	(13,107)	463,128	(31)	-
Expenditure incurred	5,185,939	2,160,682	-	1,176,357	408,626	1,892,347	10,823,951
Acquisitions	-	175,000	-	190	61,155	(110)	236,235
JV Contributions	-	(846,271)	-	-	-	-	(846,271)
Government grants	(142,197)	-	-	-	-	(48,142)	(190,339)
R&D grants	-	-	-	(240,320)	-	(124,179)	(364,499)
Impairment	(17,339)	(15,206)	-	(2,789)	(170,858)	(287,727)	(493,919)
Balance at 31 December 2023	21,500,195	6,683,248	-	11,151,906	1,467,754	10,640,074	51,443,177
Reconciliation					Segment Allocations \$	Unallocated \$	Total \$
Total Non-current Assets					51,443,177	494,341	51,937,518
Total Non-current Liabilities					-	(124,482)	(124,482)
Net loss					(493,919)	(2,953,779)	(3,447,698)

* During the current period Mangaroon has been subdivided to distinguish exploration activities in respect of rare earths from other commodities, as well as apportioning expenditure for tenements which fall within the broader Bresnahan Project area. The opening balances have accordingly been re-apportioned.

Notes to the Condensed Consolidated Financial Statement

8. Related Parties

(a) Transactions with related parties

During the half-year ended 31 December 2023 the Company issued 3,600,000 performance rights to a director. (Refer to Note 6). There are no other transactions with KMP during the half-year ended 31 December 2023.

(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-23	% ownership interest 30-Jun-23
Dreadnought Exploration Pty Ltd	100	100
Dreadnought (Yilgarn) Pty Ltd	100	100
Dreadnought (Bresnahan) Pty Ltd (formerly Odette Seven Pty Ltd)*	100	100

* On 18 October 2022, the Company, acquired 100% of the ordinary shares of Odette Seven Pty Ltd for the total consideration equivalent to 3,000,000 fully paid ordinary and issued shares of the Company. Odette Seven Pty Ltd 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. After settlement date, the Company also settled the amount due to the previous shareholder of Odette Seven Pty Ltd 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-23 \$	31-Dec-2022 \$
Loss per share (basic and diluted) (cents per share)	(0.10)	(0.09)
Loss for the period (\$)	(3,447,698)	(2,566,228)
Weighted average number of ordinary shares (number)	3,394,504,141	3,013,124,084

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

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 \$5,185,635 at 31 December 2023 (30 June 2023: \$5,399,928) in respect of tenement lease rentals and to meet minimum expenditure requirements.

Notes to the Condensed Consolidated Financial Statement

12. Contingent Liabilities

On 26 October 2022, the Company 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 issuing an exercise notice, the vendor agrees to sell, and the Company agrees to purchase the tenements for a consideration of \$1,000,000.
- (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.

There is a contingent liability of \$11,725 for a rental bond on the lease of business premises entered into on 22 September 2021 which has been secured via a term deposit for the same amount.

On 4 October 2023, the Group executed a tenement sale and purchase agreement with an unrelated party to acquire a 100% interest in exploration tenement E52/3412 and E52/3462. The key commercial terms included \$100,000 in cash, 2,500,000 fully paid ordinary shares at completion and a 1.0% gross royalty. At 31 December 2023 the issue of the shares was still pending. The shares were subsequently issued on 13 February 2024.

There were no other material contingent liabilities or contingent assets for the half-year ended 31 December 2023.

13. Subsequent Events

The Company received an R&D rebate of \$2.1m on 9 February 2024 as a tax incentive in respect of the 2023 Financial Year. This is in relation to extensive metallurgical research and development studies concerning the methods required for production of mineral concentrates from Yin and the Gifford Creek Carbonatites. These studies also extend into the methods by which rare earths will be extracted into an intermediate production for further midstream refining.

The Company issued 2,500,000 shares on 13 February 2024 in respect of the completion of the tenement acquisition of E52/3412 and E52/3462 as approved by Shareholders and the Annual General Meeting held on 23 November 2023.

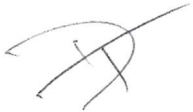
There has not been any other matter or circumstance occurring subsequent to the end of the financial period that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

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 2023 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, 28 February 2024

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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF DREADNOUGHT RESOURCES LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year 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 2023, 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, and notes to the financial statements, including material policy information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at 31 December 2023, 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 accompanying half-year 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 2023 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.



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Directors' Responsibility for the Interim Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with 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 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 Responsibilities for the Review of the Financial Report

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 2023 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.

A handwritten signature in dark ink that reads 'PKF Perth' in a cursive style.

PKF PERTH

A handwritten signature in dark ink that appears to read 'Shane Cross' in a cursive style.

SHANE CROSS
PARTNER

28 FEBRUARY 2024
WEST PERTH,
WESTERN AUSTRALIA

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