



DREADNOUGHT

— R E S O U R C E S —

Financial Statements

ABN 40 119 031 864

For the Year Ended 30 June 2019

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DIRECTORS' REPORT

Your directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Dreadnought Resources Limited (referred to hereafter as the Parent Entity or the Company) and the entities it controlled at the end of, or during, the year ended 30 June 2019.

DIRECTORS

The following persons were directors of the Parent Entity during the whole of the financial year and up to the date of this report, unless otherwise stated:

Paul Chapman

(Non-executive Chairman)

Appointed 9 April 2019

David Chapman

(Non-executive Director)

Appointed 9 April 2019

Resigned 31 July 2019

Ian James Gordon

(Non-executive Director)

Appointed 21 December 2017

Paul Charles Payne

(Non-executive Director)

Appointed 21 December 2017

Dean Tuck

(Managing Director)

Appointed 9 April 2019

Duncan Lachlan Gordon

(Non-executive Director)

Resigned 9 April 2019

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year were natural resources exploration and development. There were no significant changes in the nature of activities of the Group during the year.

DIVIDENDS

No dividends have been declared or paid during the year (2018: Nil).

OPERATING RESULTS AND FINANCIAL POSITION

The net result of operations for the financial year was a loss of \$680,822 (2018: \$349,156).

The net assets of the Group have increased by \$1,542,062 during the financial year from \$513,582 at 30 June 2018 to \$2,055,644 at 30 June 2019 as a result of capital raising and asset acquisition via the issuance of 583,884,581 ordinary shares and 50,000,000 options.

DIRECTORS' REPORT

REVIEW OF OPERATIONS

Corporate Activities

The Company changed its name from Tychean Resources Limited to Dreadnought Resources Limited on 15 February 2019.

Dreadnought Resources Limited is an ASX-listed exploration and development company with nickel, copper and gold projects mainly within the state of Western Australia. The Company's strategy is focused on the discovery of major nickel, copper and gold deposits within Western Australia.

The highlights and significant changes in state of affairs during the year and to date include;

Acquisitions

- Completed the acquisition of 100% of IronRinger Resources Pty Ltd bringing with it the Tarraji-Yampi Project, Chianti Cu-Zn-Pb-Ag VMS Target, Texas Ni-Cu-PGE Magmatic Sulphide Target, Grants Cu-Au (IOCG) Target and Rocky Dam Au Project. The acquisition involved the issue of 393,333,334 fully paid ordinary shares and 50,000,000 options exercisable at \$0.01 by 3 April 2024.
- Acquired the Illaara Greenstone Belt ("Illara") from a wholly owned subsidiary of Newmont Goldcorp Corporation, Newmont Goldcorp Exploration Pty Ltd ("Newmont Goldcorp") during June 2019. Illara is prospective for gold and VMS mineralisation.
- Finalised the acquisition of the Wombarella Project for 16 million fully paid ordinary shares and \$20,000 cash on 14 August 2019. Wombarella is prospective for nickel, copper, zinc, lead, silver and platinum group elements.
- Consolidated a significant land position prospective for Proterozoic Cu-Au, Cu-Zn-Pb-Ag VMS and Magmatic Ni-Cu-PGE massive sulphides in the South Kimberley. The South Kimberley Project contains historic Cu-Au occurrences similar to those seen within the Tarraji-Yampi Project.
- Acquired 100% of the IronRinger (Tarraji) Pty Ltd subsidiary by an issue of 51,559,604 fully paid ordinary shares during June 2019.

Funding

- Completed a Non-Renounceable Entitlement Issue and issued raising \$235,975 at \$0.003 per share before costs during April 2019.
- Completed two placements and issued 60,333,332 shares at an issue price of \$0.003 raising a total of \$181,000 before costs.
- Issued 600,000 Convertible Notes each with a face value of \$1.00 raising \$600,000 before costs. This issue was approved by shareholders on 16 August 2019.
- Completed a placement and issued 165,131,627 shares at an issue price of \$0.003 raising \$495,395 before costs during July 2019.
- Completed a Share Purchase Plan and issued 140,166,663 shares at an issue price of \$0.003 raising \$420,500 before costs during August 2019.

Administration

- Completed a Small Shareholding Sale Facility in August 2019 via which the total number of shareholders in the Company was reduced by ~1,580 to ~750. This will significantly reduce administration costs going forward.
- Relocated the Registered Office from Adelaide to Perth necessitating a restructure of the board and the management.

Field Operations

- Defined multiple high priority drill targets at the Tarraji-Yampi Project by ground Fixed-Loop Electro-Magnetic ("FLEM") surveys and/or confirmation of outcropping mineralisation at the Chianti Cu-Zn-Pb-Ag, Texas Ni-Cu-PGE and Grants Cu-Au Targets.
- Obtained all regulatory approvals to commence drilling at the Tarraji-Yampi Project in September 2019.

DIRECTORS' REPORT

Key Projects

Tarraji-Yampi Ni-Cu-Au Project

Dreadnought controls a significant land holding in the highly prospective West Kimberley located only 85 kms from Derby, Western Australia. The project area has been locked up as a Defence reserve since 1978 and was only recently opened under the Commonwealth Government's coexistence regime that balances Defence needs with the requirements of others including Aboriginal groups, the resources industry, pastoralists and State Governments.

The Tarraji-Yampi Ni-Cu-Au Project presents a rare first mover opportunity in Western Australia with known outcropping mineralisation and historic workings from the early 1900s which have seen no modern exploration.

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

Illaara Au-Cu-Pb-Zn Project:

The Illaara Au-Cu-Pb-Zn Project is located 160km northwest of Kalgoorlie-Boulder in the world class Yilgarn Craton and covers 75 strike kilometres of the Illaara Greenstone Belt. The Project is prospective for typical Archean mesothermal lode gold deposits and Cu-Pb-Zn VMS mineralisation.

The project was acquired from Newmont Goldcorp who defined several camp-scale targets which were undrilled due to a change in corporate focus. Prior to Newmont Goldcorp, the Illaara greenstone belt was held predominantly by iron ore explorers and has seen minimal gold and base metal exploration since the 1990s. The project contains several drill ready gold targets and known VMS horizons which could produce exciting drill targets with the efficient and effective application of modern exploration technology.



Rocky Dam Au-Cu-Zn Project:

The Rocky Dam Au Project is located 45kms east of Kalgoorlie-Boulder in the world class Eastern Goldfields Superterrane of Western Australia. The Project is prospective for typical Archean mesothermal lode gold deposits and Cu-Pb-Zn-Ag VMS mineralisation.

The project has known gold and VMS occurrences with drill ready gold targets based from 1990s mineralised gold intercepts which have not been followed up.

Competent Person's Statement

The information in this report that relates to geology and exploration results and planning was compiled by Mr. Dean Tuck, who is a Member of the AIG and a director and shareholder of the Company. Mr. Tuck has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Tuck consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

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

DIRECTORS' REPORT

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Other than detailed below, there has not arisen in the interval between 1 July 2019 and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Group, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future years.

During July 2019, the Group completed a share placement at an issue price of \$0.003 and issued 165,131,627 ordinary shares to sophisticated investors for exploration and working capital purposes. The placement raised \$495,395 before costs.

During August 2019, an issue of 600,000 Convertible Notes at a face value of \$1.00 raising was approved by shareholders. The convertible note issue raised \$600,000 (before costs).

Dreadnought also completed a Share Purchase Plan and issued 140,166,663 ordinary shares at an issue price of \$0.003 raising \$420,500 before costs during August 2019.

Completed a Small Shareholding Sale Facility in August 2019 via which the total number of shareholders in the Company was reduced by ~1,580 to ~750. This will significantly reduce administration costs going forward.

The Group received a notification of a claim by Arrow Minerals Ltd ("Arrow") relating to the Group's acquisition of the Illaara Greenstone Belt. Subsequently, Arrow decided not to pursue the claim (see ASX announcement on 13 September 2019).

The Group finalised the acquisition of the Wombarella Project for 16 million fully paid ordinary shares and \$20,000 cash on 14 August 2019.

The Company consolidated a significant land position prospective for Proterozoic Cu-Au, Cu-Zn-Pb-Ag VMS and Magmatic Ni-Cu-PGE massive sulphides in the South Kimberley. The South Kimberley Project contains historic Cu-Au occurrences similar to those seen within the Tarraji-Yampi Project.

The Board resolved to terminate the Ramelius Tanami Joint Venture Agreement and surrender the remaining tenement.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGY

Dreadnought Resources (ASX:DRE) is focused on greenfield exploration and the discovery for Tier 1 and Tier 2 Nickel, Copper and Gold deposits within Western Australia.

ENVIRONMENTAL REGULATION

The operations of the Group in Australia are subject to environmental regulations under both Commonwealth and State legislation. In the mining industry, many activities are regulated by environmental laws as they may have the potential to cause harm and/or otherwise impact upon the environment. Therefore, the Group conducts its operations under the necessary Commonwealth and State Licences and Works Approvals to carry out ground disturbing activities including the discharge of hazardous waste and materials arising from any exploration or mining activities and development conducted by the Group on any of its tenements. The Group considers it has complied with all relevant environmental obligations.

DIRECTORS' REPORT

INFORMATION ON DIRECTORS

PAUL CHAPMAN B.Comm, ACA, Grad. Dip. Tax, MAICD, MAusIMM
Independent Non-Executive Chairman

Experience and Expertise

Mr Chapman is a chartered accountant with over thirty years' experience in the resources sector gained in Australia and the United States. He was a founding shareholder/director of the following ASX listed companies: Black Cat Syndicate, Reliance Mining, Encounter Resources, Rex Minerals, Silver Lake Resources, Paringa Resources and Avanco Resources. Mr Chapman is the non-executive Chairman of ASX listed Gold explorer/developer Black Cat Syndicate (BC8) and a non-executive director of ASX listed copper/gold producer Encounter Resources (ENR).

Special Responsibilities

Chairman of the Board.

Other current directorships

Mr Chapman is a director of Black Cat Syndicate Limited (ASX:BC8) and Encounter Resources Limited (ASX:ENR).

Former directorships in the last 3 years

Mr Chapman resigned as non-executive director of Brazilian copper/gold producer Avanco Resources (ASX:AVB) on 10 August 2018 following a successful takeover by OZ Minerals.

DEAN TUCK B.Sc (Hons), FGAA, MAIG
Managing Director

Experience and expertise

Mr Tuck is an experienced geologist and exploration manager having worked across a wide range of commodities in Australia, Brazil and Southeast Asia from project generation through to resource evaluation. He has held senior level positions at BHP Billiton and ASX listed junior explorers. Mr Tuck has been instrumental in a number of discoveries including the Strickland gold, Mallinda and Mallina LCT pegmatites and Wonmunna iron ore.

Other current directorships

None

Former directorships in the last 3 years

None.

DIRECTORS' REPORT

IAN JAMES GORDON B. Comm, MAICD
Non-executive Director

Experience and Expertise

Mr Gordon is a mining executive with extensive experience in transaction generation, project acquisition, mine development and the management of public companies. Mr Gordon was formally an Executive Director and Managing Director of Ramelius Resources Limited for seven years and Managing Director of Flinders Mines Limited for two years and is currently a Director of Auteco Minerals Limited. He holds a Bachelor of Commerce degree from Curtin University (WA) and is a member of the Australian Institute of Company Directors.

Other current directorships

Mr Gordon is a Director of ASX listed company Auteco Minerals Limited (since August 2017).

Former directorships in the last 3 years

None.

PAUL CHARLES PAYNE B.AppSc Grad Dip Min Ec, FAusIMM
Non-executive Director

Experience and expertise

Mr Payne is a geologist, and holds in excess of 30 years' experience in mining including 10 years independent consulting across a range of commodities and jurisdictions. Mr Payne has extensive technical experience in the evaluation of mineral deposits from early stage exploration to definitive feasibility studies. Recent exploration experience includes implementation and management of gold exploration for Dacian Gold Limited in WA and Rift Valley Resources in Tanzania. Mr Payne has held corporate roles including Technical Director and Managing Director of ASX listed companies including founding Managing Director of Dacian Gold Limited, and was instrumental in the Company's successful IPO and making the major initial gold discovery at its Mount Morgans project.

Other current directorships

Mr Payne is a director of Berkut Minerals Ltd (since July 2016).

Former directorships in the last 3 years

Auteco Minerals Ltd.

DIRECTORS' REPORT

DAVID CHAPMAN B.Sc (Hons), MAusIMM

Non-executive Director, resigned 31 July 2019

Experience and Expertise

Mr Chapman is a geologist and senior executive with extensive experience in the international resource industry. His diverse experience in senior and corporate roles covers all aspects of the mining industry from exploration, operations and business development, through to feasibility studies, financing and construction across a range of commodities. Mr Chapman was a founding shareholder and director of ASX-listed Paringa Resources and formally a director of Western Mining Corporation in Brazil. He is currently the Managing Director of Southern Geoscience Consultants.

Other current directorships

None.

Former directorships in the last 3 years

None.

DUNCAN LACHLAN GORDON B. Eng

Independent Non-Executive Chairman (resigned April 2019)

Experience and Expertise

Mr Gordon is a founder and co-principal of Adelaide Equity Partners Ltd and has extensive experience working within the mining and natural resources sector. A qualified engineer with accompanying financial background, he has taken principal roles in assisting ASX-listed companies in an advisory capacity, including the identification of major corporate acquisition and divestment opportunities, Initial Public Offerings and raising debt and equity capital both within and outside Australia functions of the major accounting firms. He conducts the review of the Board including the Managing Director in his executive role.

Special Responsibilities

Former Chairman of the Board.

Former Chairman of the Audit Committee.

Other current directorships

None

Former directorships in the last 3 years

None.

DIRECTORS' REPORT

COMPANY SECRETARY

NICHOLAS DAY BCom; MBA; FFINSIA; ASCPA
Appointed 1 July 2019

Experience and expertise

Nick Day has over 20 years experience as a company director, CFO and company secretary for a broad range of listed and private technology companies and mining and exploration companies. These have included ASX and TSX listed exploration companies with copper, gold, lead, coal, zinc, rare earths and uranium projects in Madagascar, the Philippines and North/South America, nano-technology and e-book IT companies to \$600 million nickel/platinum AIM and ASX listed exploration and mining operations across six countries in Africa. He has extensive experience in Africa and Asia with strategic planning, business development, mergers and acquisitions, bankable feasibility studies, debt raising and project development. Mr Day is currently the CFO and Company Secretary for Battery Minerals Limited and previously was CFO and Company Secretary at Minbos Resources Limited. Prior to his time at Minbos he was the CFO and Company Secretary at RTG Mining Inc., Finance Director of Coventry Resources Inc. and Corporate Consultant and Company Secretary to Paringa Resources Limited.

KAITLIN SMITH B.Com (Acc); CA
Resigned 31 July 2019

Experience and expertise

Ms Smith was appointed Company Secretary on 1 September 2015. Ms Smith provides the Company Secretarial and Accounting role to various public and proprietary companies and holds a Bachelor of Commerce (Accounting) and is a Chartered Accountant.

DIRECTORS' REPORT

Meetings of directors

The numbers of meetings of the Company's board of directors and of each board committee held during the year ended 30 June 2019, and the numbers of meetings attended by each director were:

	Full meetings of directors		Audit committee meetings		Remuneration committee meetings	
	A	B	A	B	A	B
Paul Chapman	3	3	1	1	1	1
David Chapman	3	3	1	1	1	1
Dean Tuck	3	3	1	1	1	1
Ian James Gordon	9	9	2	3	2	3
Paul Charles Payne	8	9	3	3	3	3
Duncan Lachlan Gordon (resigned 9 April 2019)	7	7	2	2	2	2

A = Number of meetings attended

B = Number of meetings held during the time the director held office or was a member of the committee during the year and was eligible to attend.

Indemnification and insurance of officers

The Company has indemnified the directors and officers of the Company for costs incurred, in their capacity as a director or officer, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and officers of the Company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Proceedings on behalf of the Group

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the *Corporations Act 2001*.

Non-audit services

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

There were no fees for non-audit services paid or payable to the external auditors of the Parent Entity, their related practices or non-related audit firms during the year ended 30 June 2019.

DIRECTORS' REPORT

Shares under option

At the date of this report unissued ordinary shares of Dreadnought Resources Limited under option are:

Expiry date	Exercise price	Number of options	Vested	Unvested	Amount paid/payable by recipient (\$)
03/04/2024	\$0.01	50,000,000	50,000,000	-	-

Remuneration report – audited

The remuneration report is set out under the following main headings:

- A Principles used to determine the nature and amount of remuneration
- B Details of remuneration
- C Share-based compensation
- D Shareholdings
- E Use of Remuneration Consultants

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

A Principles used to determine the nature and amount of remuneration

The Group's policy for determining the nature and amounts of emoluments of board members and senior executive officers of the Group is as follows:

The Company's Constitution specifies that the total amount of remuneration of non-executive directors shall be fixed from time to time by a general meeting. The current maximum aggregate remuneration of non-executive directors has been set at \$300,000 per annum. Directors may apportion any amount up to this maximum amount amongst the non-executive directors as they determine. Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in performing their duties as directors.

Non-executive and executive directors remuneration is by way of fees and statutory superannuation contributions. The Company's Incentive Options Plan was approved by shareholders on 16 August 2019. Directors may be eligible to participate in the Incentive Options Plan.

The Company's remuneration structure is based on a number of factors including the financial position of the Company and the particular experience and performance of the individual in meeting key objectives of the Company. The Board is responsible for assessing relevant employment market conditions and achieving the overall, long term objective of maximising shareholder benefits, through the retention of high quality personnel.

The Company does not presently emphasise payment for results through the provision of cash bonus schemes or other incentive payments based on key performance indicators of the Company given the nature of the Company's business as a mineral exploration entity. However, the Board may approve the payment of cash bonuses from time to time in order to reward individual executive performance in achieving key objectives as considered appropriate by the Board.

The Company also has an Employee Incentive Option Plan approved by shareholders on 16 August 2019 that enables the Board to offer eligible employees and directors options to acquire ordinary fully paid shares in the Company. Under the terms of the Plan, options for ordinary fully paid shares may be offered to the Company's eligible employees at no cost or no more than nominal monetary consideration unless otherwise determined by the Board in accordance with the terms and conditions of the Plan. The objective of the Plan is to align the interests of employees and shareholders by providing employees of the Company with the opportunity to participate in the equity of the Company as an incentive to achieve greater success and profitability for the Company and to maximise the long term performance of the Company.

DIRECTORS' REPORT

Remuneration report – audited (continued)

Voting and comments made at the Company's 2018 Annual General Meeting

Dreadnought Resources Limited received more than 83% of 'yes' votes on its remuneration report for the 2018 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

B *Details of remuneration*

This report details the nature and amount of remuneration for each key management person of the Company.

The names and positions held by directors and key management personnel of the Company during the financial year are:

- Mr P Chapman – Chairman, non-executive (appointed 9 April 2019)
- Mr D Tuck – Managing Director (Appointed 9 April 2019)
- Mr I J Gordon – Director, non-executive (since 21 December 2017)
- Mr P C Payne – Director, non-executive (since 21 December 2017)
- Mr D Chapman - Director, non-executive (appointed 9 April 2019, resigned 31 July 2019)
- Mr D L Gordon – Former Chairman, non-executive (resigned 9 April 2019)
- Ms K Smith – Former Company Secretary (resigned 31 July 2019)

DIRECTORS' REPORT

Remuneration report – audited (continued)

Key management personnel of the Group and other executives of the Company and the Group

2019

	Short-term employee benefits	Post- employment benefits	Share- based payments	
Name	Salary	Super- annuation	Options	Total
	\$	\$	\$	\$
<i>Non-executive directors</i>				
Paul Chapman	-	-	-	-
David Chapman*	-	-	-	-
Dean Tuck	53,333	5,067	-	58,400
Ian James Gordon	27,000	-	-	27,000
Paul Payne	34,438	1,562	-	36,000
Duncan Lachlan Gordon**	27,800	-	-	27,800
Nicholas Day	-	-	-	-
Kaitlin Smith***	88,205	-	-	88,205
Total key management personnel compensation (Group)	230,776	6,629	-	237,405

*resigned on 31 July 2019

**resigned on 9 April 2019

***Ms Smith was engaged under a service contract with AE Administrative Services Pty Ltd to act as Company Secretary. Ms Smith resigned on 31 July 2019.

Key management personnel of the Group and other executives of the Company and the Group

2018

	Short-term employee benefits	Post- employment benefits	Share- based payments	
Name	Salary	Super- annuation	Options	Total
	\$	\$	\$	\$
<i>Non-executive directors</i>				
Duncan Lachlan Gordon	19,062	-	-	19,062
Ian Jamess Gordon	19,062	-	-	19,062
Paul Payne	19,062	-	-	19,062
Robert Michael Kennedy	-	-	-	-
Ewan John Vickery	-	-	-	-
Ian Roy Witton (<i>Alternate Director</i>)	-	-	-	-
Kevin John Anson Wills	-	-	-	-
Kaitlin Smith	80,293	-	-	80,293
Total key management personnel compensation (Group)	137,479	-	-	137,479

DIRECTORS' REPORT

Remuneration report – audited (continued)

C Share based compensation

Employee Incentive Options Plan

Shares issued on exercise of remuneration options

The Company has an Employee Incentive Options Plan approved by shareholders that enables the Board to offer eligible employees and directors options to acquire ordinary fully paid shares in the Company. Under the terms of the Plan, options to acquire ordinary fully paid shares may be offered to the Company's eligible employees at no cost unless otherwise determined by the Board in accordance with the terms and conditions of the Plan. There were no employee share options issued during the financial year.

Options granted as remuneration

No options were granted to directors or key management personnel of the Company during the financial year.

Shares issued on exercise of remuneration options

No shares were issued to directors as a result of the exercise of remuneration options during the financial year.

Directors' interests in shares and options

Directors' relevant interests in shares and options of the Company are disclosed below.

Options

The number of options in Dreadnought Resources Ltd held by each key management person of the Group during the financial year is as follows:

No options were issued as remuneration to KMP.

	Balance at beginning of year	Granted as remuneration during the year	Options exercised	Net change other	Exercise Price \$	Total vested 30/06/19	Total exercisable 30/06/19
30 June 2019							
Directors							
Paul Chapman*	-	-	-	30,000,000	0.01	30,000,000	30,000,000
David Chapman*	-	-	-	10,000,000	0.01	10,000,000	10,000,000
	-	-	-	40,000,000	-	40,000,000	40,000,000
CFO and Company Secretary							
Nicholas Day*	-	-	-	10,000,000	0.01	10,000,000	10,000,000
	-	-	-	10,000,000	-	10,000,000	10,000,000

*received from IronRinger acquisition

DIRECTORS' REPORT

D Shareholdings

The number of ordinary shares in Dreadnought Resources Ltd held by each key management person of the Group during the financial year is as follows:

	Balance at beginning of year	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of year
30 June 2019					
Directors					
Paul Chapman	-	-	-	234,169,743	234,169,743
David Chapman*	-	-	-	62,270,555	62,270,555
Dean Tuck	-	-	-	8,333,333	8,333,333
Ian Gordon	26,651,505	-	-	9,003,840	35,655,345
Paul Payne	10,000,000	-	-	16,666,670	26,666,670
Duncan Gordon**	14,006,528	-	-	(14,006,528)	-
	50,658,033	-	-	316,437,613	367,095,646
CFO and Company Secretary					
Nicholas Day***	-	-	-	65,603,889	65,603,889
	-	-	-	65,603,889	65,603,889

*resigned 31 July 2019

**resigned 9 April 2019

***appointed 1 July 2019

E Use of Remuneration Consultants

The Remuneration Committee seeks external remuneration advice as required. No such advice was obtained during the financial year ending 30 June 2019.

Remuneration report ends.

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 17.

The Report of Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.

Dean Tuck

Managing Director

Dated 26 September 2019

Auditor's Independence Declaration

To the Directors of Dreadnought Resources Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Dreadnought Resources Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd
Chartered Accountants



J L Humphrey
Partner – Audit & Assurance

Adelaide, 26 September 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2019

		Consolidated	
	Note	30 June 2019 \$	30 June 2018 \$
Other income	2	3,474	3,993
Administration expenses	3	(227,089)	(143,349)
Consulting fees	3	(204,058)	(183,604)
Impairment of exploration expenditure	3	(253,149)	(1,196)
(Loss) before income tax		(680,822)	(324,156)
Income tax benefit (expense)	4	-	-
(Loss) for the year		(680,822)	(324,156)
Other comprehensive income, net of income tax			
Equity instruments at fair value through other comprehensive income – fair value changes		(8,013)	(25,000)
Total comprehensive income for the year		(688,835)	(349,156)

Earnings per share for loss attributable to the ordinary equity holders of the Company

	Note	Cents	
Cents			
Basic earnings per share (cents)	15	(0.09)	(0.07)
Diluted earnings per share (cents)	15	(0.09)	(0.07)

The above consolidated statement of profit or loss and comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2019

		Consolidated	
		30 June 2019	30 June 2018
	Note	\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	6	647,966	350,451
Trade and other receivables	7	18,917	1,520
Other assets	8	11,527	6,807
Investments in equity instruments	9	-	25,000
Total Current Assets		678,410	383,778
Non-Current Assets			
Property, plant and equipment	10	2,158	190
Exploration, evaluation and development assets	11	2,130,136	252,521
Total Non-Current Assets		2,132,294	252,711
Total Assets		2,810,704	636,489
LIABILITIES			
Current Liabilities			
Trade and other payables	12	194,580	122,907
Total Current Liabilities		194,580	122,907
Non-Current Liabilities			
Other financial liabilities	13	560,480	-
Total Non-Current Liabilities		560,480	-
Total Liabilities		755,060	122,907
Net Assets		2,055,644	513,582
EQUITY			
Issued capital	14	40,263,315	38,106,938
Reserves		74,520	(25,000)
Retained earnings		(38,282,191)	(37,568,356)
Total Equity		2,055,644	513,582

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2019

	Attributable to owners of the Dreadnought Resources Limited					Total
	Issued Capital	Retained Earnings	Equity Reserves	FVOCI Reserves	Share- based payment Reserves	
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	37,661,627	(37,244,200)	-	-	-	417,427
Loss for year	-	(324,156)	-	-	-	(324,156)
Other comprehensive income	-	-	-	(25,000)	-	(25,000)
Total comprehensive income for the year	-	(324,156)	-	(25,000)	-	(349,156)
Transactions with owners in their capacity as owners						
Share issues, net of transaction costs and tax	445,311	-	-	-	-	445,311
Balance at 30 June 2018	38,106,938	(37,568,356)	-	(25,000)	-	513,582
Balance at 1 July 2018	38,106,938	(37,568,356)	-	(25,000)	-	513,582
Loss for year	-	(713,835)	-	33,013	-	(680,822)
Other comprehensive income	-	-	-	(8,013)	-	(8,013)
Total comprehensive income for the year	-	(713,835)	-	25,000	-	(688,835)
Transactions with owners in their capacity as owners						
Share issues, net of transaction costs and tax	376,805	-	-	-	-	376,805
Share issues, IronRinger acquisition	1,779,572	-	-	-	-	1,779,572
Equity component of convertible notes (Note 13)	-	-	39,520	-	-	39,520
Option issues, net of transaction costs and tax	-	-	-	-	35,000	35,000
Balance at 30 June 2019	40,263,315	(38,282,191)	39,520	-	35,000	2,055,644

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2019

	Note	Consolidated	
		30 June 2019	30 June 2018
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Payments to suppliers and employees		(429,276)	(264,192)
Interest received		3,474	3,993
Net cash (used in) operating activities	24	<u>(425,802)</u>	<u>(260,199)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for exploration assets		(269,249)	-
Proceeds from the sale of investments in equity instruments		16,987	-
Payment for property, plant and equipment		<u>(2,160)</u>	-
Net cash used in investing activities		<u>(254,422)</u>	-
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares		377,739	445,311
Proceeds from convertible notes (Note 13)		<u>600,000</u>	-
Net cash provided by financing activities		<u>977,739</u>	<u>445,311</u>
Net increase in cash and cash equivalents held		297,515	185,112
Cash and cash equivalents at beginning of year		<u>350,451</u>	<u>165,339</u>
Cash and cash equivalents at end of financial year	6	<u><u>647,966</u></u>	<u><u>350,451</u></u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these consolidated Financial Statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The Financial Statements are for the consolidated entity consisting of Dreadnought Resources Limited and its subsidiaries.

(a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. Dreadnought Resources Limited is a for profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

These consolidated financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRSs ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS).

(ii) Historical cost convention

These financial statements have been prepared on an accrual basis, under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss and certain classes of property, plant and equipment.

(iii) Critical accounting estimates

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

(b) Adoption of new and revised accounting standards

Changes in the accounting policies adopted in the preparation of the annual consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2018, except for the adoption of new standards effective as of 1 January 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The Group applies, for the first time, AASB 9 *Financial Instruments* from 1 July 2018. The nature and effect of these changes are disclosed below. Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the annual consolidated financial statements of the Group. The Group has not applied AASB 16 *Leases* due to the Group has no current lease commitment.

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies continued

Financial Instruments

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

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

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

On 1 July 2018 (the date of initial application of AASB 9), the Group's management assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate AASB 9 categories for 2019 financial year.

Balance Sheet Extract

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

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

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

Equity investments previously classified as available-for-sale

The Group elected to present in OCI changes in the fair value of all its equity investments previously classified as AFS. As a result, assets with a fair value of \$25,000 were reclassified from AFS financial asset to financial assets at FVOCI and fair value losses of \$25,000 were reclassified from the AFS reserve to FVOCI reserve on 1 July 2018.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies continued

(c) Basis of Consolidation

The Group financial statements consolidate those of the Parent and all of its subsidiaries as of 30 June 2019. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June. All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

(d) Investments in associates and joint ventures

Associates are those entities over which the Group is able to exert significant influence but which are not subsidiaries.

A joint venture is an arrangement that the Group controls jointly with one or more other investors, and over which the Group has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities. A joint arrangement in which the Group has direct rights to underlying assets and obligations for underlying liabilities is classified as a joint operation.

Investments in associates and joint ventures are accounted for using the equity method. Interests in joint operations are accounted for by recognising the Group assets (including its share of any assets held jointly), its liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).

Any goodwill or fair value adjustment attributable to the Group's share in the associate or joint venture is not recognised separately and is included in the amount recognised as investment.

The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

(e) Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated.

Where a change in comparatives has also affected the opening retained earnings previously presented in a comparative period, an opening statement of financial position at the earliest date of the comparative period has been presented.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2019

(f) Income Tax

The tax expense recognised in the profit or loss and other comprehensive income relates to current income tax expense plus deferred tax expense (being the movement in deferred tax assets and liabilities and unused tax losses during the year).

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax consequences relating to a non-monetary asset carried at fair value are determined using the assumption that the carrying amount of the asset will be recovered through sale.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current tax assets and liabilities are offset where there is a legally enforceable right to set off the recognised amounts and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset where there is a legal right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

Dreadnought Resources Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity in the group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation.

Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity.

The tax consolidated group has entered into a tax funding arrangement whereby each company in the group contributes to the income tax payable by the group in proportion to their contribution to the group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2019

(g) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

(h) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

All revenue is stated net of the amount of goods and services tax (GST).

(i) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(j) Property, Plant and Equipment

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Plant and equipment

Plant and equipment is measured on a cost basis. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the assets' carrying amounts or recognised as separate assets as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial year in which they are incurred.

Depreciation

The depreciable amount of all property, plant and equipment, except for freehold land is depreciated on a reducing balance method from the date that management determine that the asset is available for use. The depreciation rates used for each class of depreciable assets vary from 25% to 40%.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2019

(j) Property, Plant and Equipment

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(k)).

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the consolidated statement of profit or loss and other comprehensive income. When revalued assets are sold, it is Group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

(k) Financial instruments

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

a. Classification and Measurement

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

Classification is based on two criteria:

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

The new classification and measurement of the Group's debt financial assets are, as follows:

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

Other financial assets are classified and subsequently measured, as follows:

- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition. This category only includes equity instruments which the Group has irrevocably elected to so classify upon initial recognition or transition.

The Group reclassified its quoted equity instruments from AFS financial asset to financial assets at FVOCI and fair value losses were reclassified from the AFS reserve to FVOCI reserve on 1 July 2018. Equity instruments at FVOCI are not subject to an impairment assessment under AASB 9. Under AASB 139, the Group's quoted equity instruments were classified as AFS financial assets.

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies continued

(k) Financial instruments

b. Impairment

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

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

c. Compound financial instruments

Compound financial instruments issued by the Group comprise convertible notes that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognised in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognised.

Accounting policies applied in prior year

Financial instruments are recognised initially using trade date accounting, i.e. on the date the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

(l) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(m) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of 12 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Any bank overdrafts the Group have are shown within borrowings in current liabilities in the consolidated statement of financial position.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies continued

(n) Employee benefits

Short-term employee benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, non-monetary benefits and accumulating sick leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The Group's liabilities for annual leave and long service leave are included in other long term benefits as they are not expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds (2015: government bonds) that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The Group presents employee benefit obligations as current liabilities in the statement of financial position if the Group does not have an unconditional right to defer settlement for at least twelve (12) months after the reporting period, irrespective of when the actual settlement is expected to take place.

(o) Earnings per share

Dreadnought Resources Ltd presents basic and diluted earnings per share information for its ordinary shares.

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share adjusts the basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(p) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.

(q) Share Based Payments

The Group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Binomial pricing model which incorporates all market vesting conditions. The amount to be expensed is determined by reference to the fair value of the options or shares granted. This expense takes in account any market performance conditions and the impact of any non-vesting conditions but ignores the effect of any service and non-market performance vesting conditions.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies continued

(q) Share Based Payments

Non-market vesting conditions are taken into account when considering the number of options expected to vest. At the end of each reporting period, the Group revises its estimate of the number of options which are expected to vest based on the non-market vesting conditions. Revisions to the prior period estimate are recognised in profit or loss and equity.

(r) Exploration and development expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. As the asset is not available for use it is not depreciated or amortised.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the period in which the decision to abandon that area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(s) Reserves

FVOCI reserves represent financial assets at fair value through other comprehensive income reserve. The reserve records fair value change of equity instruments. Share-based payment reserves represent fair value of the option issued to the IronRinger vendor. The equity reserve represents the equity component (conversion rights) on the issue of unsecured convertible notes.

(t) Key estimates

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

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

(i) Estimated impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

(ii) Exploration and evaluation

The Group policy for exploration and evaluation is discussed in note 1 (q). The application of this policy requires management to make certain assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised exploration and evaluation expenditure, management concludes that the capitalised expenditure is unlikely to be recovered by future sale or exploration, then the relevant capitalised amount will be written off through the statement of profit or loss. The related carrying amounts are disclosed in note 3.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies continued

(t) Key estimates

The Group's policy for compound financial instrument is discussed in Note 1(k). The fair value of the liability component is determined based on the contractual stream of future cash flows which is discounted at the rate of interest (14%) that would apply to an identical financial instrument without the conversion option. The Group uses its judgement to determine the discount rate based on the market interest rates existing at the end of each reporting period.

(u) Financial report

The financial report was authorised for issue on 26 September 2019 by the Board of directors.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2019

2 Other Income

	Consolidated	
	30 June 2019	30 June 2018
	\$	\$
Other Income		
Interest received	3,474	3,993
	<u>3,474</u>	<u>3,993</u>

3 Expenses

Loss before income tax from continuing operations includes the following expenses:

Administration

Compliance	29,880	19,565
Depreciation	192	117
Legal fees	9,717	19,186
Other costs	87,356	47,090
Employment costs	99,944	57,391
	<u>227,089</u>	<u>143,349</u>

Consulting fees

Accounting and secretarial services	91,705	84,044
Audit fees	34,460	34,560
Corporate consulting	77,893	65,000
	<u>204,058</u>	<u>183,604</u>

Impairment of assets

Capitalised exploration expenditure	253,149	1,196
	<u>253,149</u>	<u>1,196</u>

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2019

4 Income Tax Expense

	Consolidated	
	30 June 2019	30 June 2018
	\$	\$
Reconciliation of income tax to accounting loss:		
Prima facie profit/(loss) from ordinary activities	(680,822)	(324,155)
Tax at the Australian tax rate of	27.5%	27.5%
Prima facie tax expenses/(income) on ordinary activities	(187,226)	(89,143)
Add:		
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Impairment of exploration assets	69,616	329
Tax effect of temporary differences not brought to account as they do not meet the recognition criteria	117,610	88,814
	-	-

A deferred tax asset (DTA) has not been recognised in respect of temporary differences as they do not meet the recognition criteria per AASB 112 *Income Taxes*. A DTA has not been recognised in respect of tax losses as realisation of the benefit is not regarded as probable.

The Group has unrecognised assessed losses of \$7,133,359 (2018: \$6,900,936) that are available indefinitely for offset against future taxable profits of the Group.

The tax rates applicable to each potential tax benefit are as follows:

Timing differences – 27.5%;

Tax losses – 27.5%.

The Tax losses may be reduced pending on allocation of Junior Minerals Exploration Incentive (JMEI) credit.

The Group has JMEI credits available from the Australian Taxation Office of \$412,500 in respect of the year ending 30 June 2019. The JMEI entitles Australian resident investors in eligible minerals exploration companies to obtain either a refundable tax offset or (where the Eligible Investor is a corporate tax entity) franking credits.

The maximum amount of credit the Group can create in the 2019 year is the lesser of the following:

- (a) 2019 greenfield exploration expenditure x 27.5% tax rate;
- (b) 2019 tax loss x 27.5% tax rate; or
- (c) JMEI credits of \$412,500.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2019

5 Operating Segments

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.

6 Cash and cash equivalents

	Consolidated	
	30 June 2019	30 June 2018
	\$	\$
Cash at bank and in hand	647,966	350,451
	647,966	350,451

7 Trade and other receivables

	Consolidated	
	30 June 2019	30 June 2018
	\$	\$
CURRENT		
GST receivable	18,867	1,520
Other receivables	50	-
Total current trade and other receivables	18,917	1,520

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

As at 30 June 2019 there were no material trade and other receivables that were considered to be past due or impaired (2018: Nil).

8 Other assets

	Consolidated	
	30 June 2019	30 June 2018
	\$	\$
CURRENT		
Prepayments	11,527	6,807
Total other assets	11,527	6,807

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2019

9 Investment in equity instruments

	Consolidated	
	30 June 2019	30 June 2018
	\$	\$
Investments – ASX Listed Company	-	25,000
Total other asset	-	25,000

In April 2019, the Company sold 25,000,000 shares in Maximus Resources Limited (ASX: MXR) for \$16,987.

10 Property, plant and equipment

	Consolidated	
	30 June 2019	30 June 2018
	\$	\$
PLANT AND EQUIPMENT		
At cost	4,308	2,148
Accumulated depreciation	(2,150)	(1,958)
Total property, plant and equipment	2,158	190

(a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

Consolidated	Computer Equipment \$	Computer Software \$	Exploration Equipment \$	Total \$
Year ended 30 June 2019				
Balance at the beginning of year	27	163	-	190
Acquisition	1,220	-	940	2,160
Disposal	-	-	-	-
Depreciation expense	(105)	(65)	(22)	(192)
Balance at the end of the year	1,142	98	918	2,158
Consolidated	Computer Equipment \$	Computer Software \$	Exploration Equipment \$	Total \$
Year ended 30 June 2018				
Balance at the beginning of year	36	271	-	307
Disposal	-	-	-	-
Depreciation expense	(9)	(108)	-	(117)
Balance at the end of the year	27	163	-	190

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2019

11 Exploration and evaluation assets

	Consolidated	
	30 June 2019	30 June 2018
	\$	\$
Exploration and evaluation	2,130,136	252,521
	<u>2,130,136</u>	<u>252,521</u>
	Exploration and evaluation	
	\$	
2019		
Balance at beginning of the year		252,521
Impairment		(253,149)
Expenditure incurred, including shared acquisition (Note 26)		2,130,764
Balance at end of the year		<u>2,130,136</u>
2018		
Balance at beginning of the year		252,521
Impairment		(1,196)
Expenditure incurred		1,196
Balance at end of the year		<u>252,521</u>

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

The impairment of the exploration assets in 2018/2019 relates predominantly to the impairment within the Spargoville and Tanami Areas of Interest. During the period there was no field work performed by Ramelius Resources Limited (ASX: **RMS**) relating to the Tanami Joint Venture. The Group and Ramelius surrendered 7 tenements of Tanami joint venture during the period. Subsequently, the Board has resolved to terminate the Ramelius Joint Venture Agreement and surrender the remaining tenement.

12 Trade and other payables

	Consolidated	
	30 June 2019	30 June 2018
	\$	\$
CURRENT		
Unsecured liabilities		
Trade payables	63,802	8,018
Other payables and accrued expenses	130,778	114,889
Total current liabilities	<u>194,580</u>	<u>122,907</u>

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2019

13 Other financial liabilities

	Consolidated	
	30 June 2019	30 June 2018
	\$	\$
NON-CURRENT		
Convertible notes – liability component (note (i))	560,480	-
Total non-current liabilities	560,480	-

Note (i) Convertible note deed related to issuance of 600,000 convertible notes (the “Note Issuance”) was entered between the Company and three subscribers and \$600,000 was received from these subscribers in June 2019. The Note Issuance was subsequently approved at a General Meeting of shareholders on 16 August 2019. Each of the Convertible Notes carries a face value of \$1.00 with an annual interest rate of 10% and maturity date of 19 June 2021. The holder may elect to convert into shares at \$0.0055 per share. The Convertible Note was determined to be a compound financial instrument, resulting in a split between liability and equity components (Note 1(k)).

	30 June 2019
	\$
Nominal value of convertible notes	600,000
Equity component	(39,520)
Liability component as at 30 June 2019	560,480

14 Issued Capital

	Consolidated	
	30 June 2019	30 June 2018
	\$	\$
Ordinary Shares	40,263,315	38,106,938
	40,263,315	38,106,938

(a) Ordinary shares

		Consolidated	
		30 June 2019	
Date		No.	\$
01/07/2018	At the beginning of the reporting period	577,156,607	38,106,938
31/01/2019	Non-renounceable rights issue	65,324,977	195,975
25/02/2019	Issued shares to a Director of the Company	13,333,334	40,000
29/03/2019	Placement	51,666,666	155,000
4/04/2019	Issued to IronRinger vendors	373,333,334	1,493,333
24/04/2019	Placement	8,666,666	26,000
2/05/2019	Issued to parties in connection with IronRinger acquisition	20,000,000	80,000
28/06/2019	Issued to parties in connection with 100% acquisition of IronRinger (Tarraji) Pty Ltd	51,559,604	206,238
	Less: transaction costs	-	(40,169)
	At the end of the reporting period	1,161,041,188	40,263,315

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2019

14 Issued Capital continued

Capital Management

Management controls the capital of the Group in order to maintain and generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group received a total amount of \$600,000 raising from Convertible Notes. The issue of Convertible Notes were approved by shareholders in August 2019. The Convertible Notes each with a face value of \$1.00 bear interest at 10% per annum, have a Conversion Price of \$0.0055 and have a Maturity Date of 19 June 2021.

The Group is not subject to any externally imposed capital requirements. Management effectively manages the Group capital by assessing the Group financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

(b) Options

50,000,000 share options were issued to vendors of IronRinger Resources Pty Ltd during the financial year.

At 30 June 2019, there were 50,000,000 (30 June 2018: nil) unissued shares for which the following options were outstanding.

- 50,000,000 unlisted options exercisable at \$0.01 by 3 April 2024.

15 Earnings per Share

	Consolidated year ended	
	30 June 2019	30 June 2018
	\$	\$
(a) Basic earnings per share		
Loss attributable to the ordinary equity holders	(680,822)	(324,156)
Weighted average number of shares outstanding during the year	717,425,329	469,881,082
Basic earnings per share (cents)	(0.09)	(0.07)

(b) Dilutive earnings per share

In accordance with AASB 133 Earnings per Share, potential ordinary shares in the form of options and convertible notes are antidilutive when their conversion to ordinary shares decrease loss per share from continuing operations. The calculation of diluted earnings/(losses) per share does not assume conversion, exercise, or other issue of potential ordinary shares that would have an antidilutive effect on earnings/(losses) per share.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2019

16 Capital and Leasing Commitments

(a) Contractual Commitments

In order to maintain current rights of tenure to exploration tenements, the Group will be required to outlay amounts totalling \$184,000 during the year ending 30 June 2019 (2018: \$nil) in respect of tenement lease rentals and to meet minimum expenditure requirements.

17 Financial Risk Management

The Group is exposed to a variety of financial risks through its use of financial instruments.

This note discloses the Group's objectives, policies and processes for managing and measuring these risks. The Group's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets. The Group does not speculate in financial assets.

Specific risks

- Market risk - currency risk, cash flow interest rate risk and price risk
- Credit risk
- Liquidity risk

Financial instruments used

The principal categories of financial instrument used by the Group are:

- Investments in equity instruments
- Cash at bank
- Trade and other payables
- Convertible notes – liability component

Objectives, policies and processes

Specific information regarding the mitigation of each financial risk to which the Group is exposed is provided below.

Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The Group maintains cash to meet its liquidity requirements for up to 30-day periods. The Group manages its liquidity needs by carefully monitoring long-term financial liabilities as well as cash-outflows due in day-to-day business.

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day period are identified monthly. At the reporting date, these reports indicate that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2019

17 Financial Risk Management (continued)

The Group liabilities have contractual maturities which are summarised below:

	Within 1 year		More than 1 year	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	\$	\$	\$	\$
Financial Liabilities				
Trade and other payables	194,580	122,907	-	-
Convertible notes – liability component	-	-	560,480	-
Total	194,580	122,907	560,480	-

Market risk

(i) Foreign currency sensitivity

All of the Group transactions are carried out in Australian Dollars, therefore the Group is not exposed to foreign exchange risk.

(ii) Cash flow interest rate sensitivity

The Company received shareholders' approval for the issuance of 600,000 Convertible Notes on 16 August 2019.

The Group's sensitivity to interest rates cash flow are not affected as the Convertible Notes carry fixed interest. Interest rate risk on cash and cash equivalents is not considered to be a material risk due to the short term nature of these financial instruments.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Group.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions. Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due. The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Net fair values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the consolidated statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgement, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgement and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2019

17 Financial Risk Management (continued)

	30 June 2019		30 June 2018	
	Net Carrying Value	Net Fair value	Net Carrying Value	Net Fair value
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	647,966	647,966	350,451	350,451
Investments in equity investments	-	-	25,000	25,000
Total financial assets	647,966	647,966	375,451	375,451
Financial liabilities				
Trade and other payables	194,580	194,580	122,907	122,907
Convertible notes – liability component	560,480	560,480	-	-
Total financial liabilities	755,060	755,060	122,907	122,907

18 Dividends

There were no dividends paid during the year (2018: nil).

19 Key Management Personnel Disclosures

The totals of remuneration paid to the key management personnel of Dreadnought Resources Ltd during the year are as follows:

	Consolidated year ended	
	30 June 2019	30 June 2018
	\$	\$
Short-term employee benefits	89,238	57,186
Post-employment benefits	1,562	-
Total Remuneration	90,800	57,186

The Remuneration Report contained in the Directors' Report contains details of the remuneration paid or payable to each member of the Group's Key Management Personnel for the year ended 30 June 2019.

Other key management personnel transactions

For details of other transactions with key management personnel, refer to Note 23: Related Party Transactions.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2019

20 Remuneration of Auditors

	Consolidated year ended	
	30 June 2019	30 June 2018
	\$	\$
Remuneration of the auditor of the Group, Grant Thornton (Australia), for:		
Auditing or reviewing the financial report	34,460	34,560
	34,460	34,560

21 Deed of Cross-Guarantee

The Parent entity has not entered into any guarantees, in the current or previous financial year, in relation to the debts of its subsidiaries.

22 Contingent Liabilities

In May 2018, IronRinger Resources Pty Ltd (a subsidiary of Dreadnought Resources) agreed to pay \$70,000 plus GST to licence a copy of airborne geophysical data held by Rio Tinto Exploration Pty Ltd (RTX) over the Western Kimberley region of Western Australia which covers Exploration Licence E04/2315 and E04/2508. The payment is subject to drilling commencement and location of drilling within specified areas..

23 Related Parties

(a) The Group's main related parties are as follows:

(i) Key management personnel:

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

For details of remuneration disclosures relating to key management personnel, refer to the remuneration report in the Directors' Report.

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

		Consolidated	
Director	Transaction	2019	2018
		\$	\$
D Gordon	Payments to a Director related entity for corporate advisory fees	30,000	35,860
D Gordon	Payments to a Director related entity for company secretary and accounting services	88,205	80,539
P Payne	Payments to a Director related entity for consulting services	10,800	-
D Chapman	Payments to a Director related entity for consulting services	47,091	-

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2019

23 Related Parties (continued)

(ii) Subsidiaries:

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

Name of subsidiary	% ownership interest 2019	% ownership interest 2018
Tychean Tanami Pty Ltd (previously ERO Metals Pty Ltd)	100.0	100.0
Valley Floor Resources Pty Ltd	100.0	100.0
IronRinger Resources Pty Ltd	100.0	-
IronRinger (Tarraji) Pty Ltd	100.0	-
IronRinger (Industrial Minerals) Pty Ltd	100.0	-

24 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

	Consolidated year ended	
	30 June 2019	30 June 2018
	\$	\$
Reconciliation of net income to net cash provided by operating activities:		
(Loss) for the year	(680,822)	(349,156)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	192	119
- impairment loss	253,149	1,196
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- (increase)/decrease in trade and other receivables	(17,397)	977
- (increase)/decrease in prepayments	(4,720)	(2,150)
- (increase)/decrease in investments	25,000	25,000
- increase/(decrease) in trade and other payables	(1,204)	63,815
Cashflow outflow from operations	(425,802)	(260,199)

25 Events occurring after the reporting date

Other than detailed below, there has not arisen in the interval between 1 July 2019 and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Group, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future years.

During July 2019, the Group completed a share placement to sophisticated shareholders for project exploration and working capital purposes. The placement raised \$495,395 before costs.

During August 2019, 600,000 Convertible Notes was approved by shareholders. Each convertible note has a face value of \$1.00 raising \$600,000 (before costs).

Dreadnought also completed a Share Purchase Plan and issued 140,166,663 ordinary shares at an issue price of \$0.003 raising \$420,500 before costs during August 2019.

Completed a Small Shareholding Sale Facility in August 2019 via which the total number of shareholders in the Company was reduced by ~1,580 to ~750. This will significantly reduce administration costs going forward.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2019

25 Events occurring after the reporting date (continued)

Dreadnought Resources received a notification of a claim by Arrow Minerals Ltd ("Arrow") relating to the Group's acquisition of the Illaara Gold Project. Subsequently, Arrow has decided not to pursue the claim (see ASX announcement on 13 September 2019).

The Group finalised the acquisition of the Wombarella Project for 16 million fully paid ordinary shares and \$20,000 cash on 14 August 2019.

Consolidated a significant land position prospective for Proterozoic Cu-Au, Cu-Zn-Pb-Ag VMS and Magmatic Ni-Cu-PGE massive sulphides in the South Kimberley. The South Kimberley Project contains historic Cu-Au occurrences similar to those seen within the Tarraji-Yampi Project.

The Board has resolved to terminate the Ramelius Joint Venture Agreement and surrender the remaining tenement.

26 Share based acquisition

The Group purchased IronRinger Resources Pty Ltd and its controlled entities for consideration that included shares in the Group for the year ended 30 June 2019. The acquisition was treated as an asset acquisition as it did not meet the definition of a business combination as per AASB 3 *Business Combinations* given the nature of the acquiree as a junior exploration companies. The only material assets acquired in the acquisition was the acquiree's mining tenements and therefore, under the Group's accounting policies, the consideration paid by the Group has been accounted for under its accounting policies for Exploration and evaluation expenditure (Note 1 (r)), resulting in capitalisation of the amounts at the fair value of the consideration paid.

IronRinger Resources Pty Ltd and controlled entities tenement list

Project	Tenement	Lease Name	Location	Minerals	Status
Tarraji-Yampi	E04/2315	Tarraji	WA	Nickel, Copper, Gold	Granted
Tarraji-Yampi	E04/2508	Yampi	WA	Nickel, Copper, Gold	Granted
Tarraji-Yampi	E04/2557	Yampi	WA	Nickel, Copper, Gold	Application
Tarraji-Yampi	E04/2572	Yampi	WA	Nickel, Copper, Gold	Granted
West Kimberley	E04/2574	Broome Creek	WA	Nickel, Copper, Gold	Application
West Kimberley	E04/2573	Napier Downs	WA	Nickel, Copper, Gold	Application
Tarraji-Yampi	E04/2608	Robinson River	WA	Nickel, Copper, Gold	Application
Rocky Dam	E25/533	Rocky Dam	WA	Copper, Gold, Zinc	Granted

The fair value of the total consideration paid \$1,814,572 is determined based on the fair value of the shares and options issued to the vendor.

The fair value of the shares issued to the vendor was calculated by using the share price on the date of acquisition multiplied by the number of shares awarded. The fair value of the share consideration was \$1,779,572 through the issuance of 444,892,938 ordinary shares.

On 3 April 2019, 50,000,000 share options were granted to IronRinger vendor at an exercise price of \$0.01 each with a fair value of \$35,000. These options are exercisable on or before 3 April 2024. The fair value of the options granted was calculated by using the Black-Scholes option pricing model applying the following inputs.

Fair value (Black – Scholes)	\$0.0007
Exercise price	\$0.010
Life of the option	1825 days
Strike price	\$0.002
Expected share price volatility	82.04%
Risk free interest rate	1.50%

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2019

27 Parent entity

	Year ended	
	30 June 2019	30 June 2018
	\$	\$
Statement of Financial Position		
Assets		
Current assets	671,027	383,777
Non-current assets	2,149,151	262,093
Total Assets	2,820,178	645,870
Liabilities		
Current liabilities	192,898	122,903
Non-current liabilities	560,480	-
Total Liabilities	753,378	122,903
Equity		
Issued capital	40,263,315	38,106,938
Retained earnings/ (losses)	(38,271,035)	(37,583,971)
Reserves	74,520	-
Total Equity	2,066,800	522,967
Statement of Profit or Loss and Other Comprehensive Income		
Total profit or loss for the year	(687,183)	(348,247)
Total comprehensive income	(687,183)	(348,247)

The Parent has no contingent liabilities (2018:\$nil).

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2019

28 Company Details

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

Dreadnought Resources Ltd
Suite 5, 16 Nicholson Road
Subiaco WA 6008
PO Box 572
Floreat WA 6014
www.dreadnoughtresources.com.au

Email: info@DreadnoughtResources.com.au

29 Going concern

The financial statements have been prepared on a going concern basis which assumes the Company and Consolidated 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 financial report is authorised for issue.

As at 30 June 2019, the Consolidated Group had net assets of \$2,055,644 (2018: \$513,582). During the financial year, the Consolidated Group had cash outflows from operating activities of \$425,802 (2018: \$260,199) and cash outflows from investing activities (including payments for exploration) of \$254,422 (2018: nil). The Consolidated Group has minimum expenditure commitments of \$184,000 (as set out in Note 16(a)).

The Consolidated Group has prepared a cash flow forecast which indicates that the Consolidated Group will need to raise additional funds to meet expenditure commitments, its business plan and to meet its current level of corporate overheads to continue as a going concern.

To address the future funding requirements of the Consolidated Group, since 30 June 2019, the Directors have undertaken the following initiatives:

- developed a business plan that provides encouragement for investors to invest;
- obtained approval for a JMEI tax credit amounting to \$600,000 that can be passed on to potential investors as a further incentive to invest;
- entered into discussions to determine the availability of equity funding from current or new shareholders; and
- continued their focus on maintaining an appropriate level of corporate overheads in line with the Consolidated Group's available cash resources.

The Directors are confident that they will be able to complete a capital raising to provide the Consolidated Group with its funding requirements for the above period. The Directors also believe that discussions with equity providers are sufficiently progressed to reasonably believe that such equity will be available. The Directors therefore believe that it is appropriate to prepare the 30 June 2019 financial statements on a going concern basis.

However, in the event that the Consolidated Group is not able to successfully complete the equity fundraising referred to above, material uncertainty would exist as to whether the Company and Consolidated Group will continue as a going concern and, therefore, whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial statements.

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

Directors' Declaration

For the Year Ended 30 June 2019

The directors of the Group declare that:

1. the consolidated financial statements and notes for the year ended 30 June 2019 are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards, which, as stated in accounting policy note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position and performance of the Group;
2. the Managing Director and Company Secretary have given the declarations required by Section 295A that:
 - a. the financial records of the Group for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - b. the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c. the financial statements and notes for the financial year give a true and fair view.
3. in the directors' 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.

Director
Dean Tuck

Dated 26 September 2019

Independent Auditor's Report

To the Members of Dreadnought Resources Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Dreadnought Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 29 in the financial statements, which indicates that the Group incurred a net loss of \$680,822 during the year ended 30 June 2019, and as of that date, the Group's cash outflows from operating and investing activities was \$680,224. As stated in Note 29, these events or conditions, along with other matters as set forth in Note 29, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Exploration and evaluation assets - Note 11	
<p>At 30 June 2019 the carrying value of exploration and evaluation assets was \$2,130,136.</p> <p>In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, the Group is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value.</p> <p>The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement.</p> <p>This area is a key audit matter due to the significant judgement involved in determining the existence of impairment triggers.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • reviewing management's area of interest considerations against AASB 6; • conducting a detailed review of management's assessment of trigger events prepared in accordance with AASB 6 including: <ul style="list-style-type: none"> – tracing projects to statutory registers, exploration licenses and third party confirmations to determine whether a right of tenure existed; – enquiry of management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including review of management's budgeted expenditure; – understanding whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale; • assessing the accuracy of impairment recorded for the year as it pertained to exploration interests; • evaluating the competence, capabilities and objectivity of management's experts in the evaluation of potential impairment triggers; and • assessing the appropriateness of the related financial statement disclosures.

Key audit matter

How our audit addressed the key audit matter

Convertible Notes - Note 1(k) and Note 13

As at 30 June 2019, the Group recognised the funds received for a convertible notes totalling \$600,000 as a compound financial instrument as defined by AASB 132 *Financial Instruments: Presentation*.

The notes were formally approved by the shareholders for issue at an Extraordinary General Meeting on 16 August 2019.

This area is a key audit matter as management is required to exercise judgments and estimates in determining the appropriate accounting treatment of the convertible notes, including the determination of fair value of the liability component.

Our procedures included, amongst others:

- inspecting the relevant convertible note agreements to assess appropriateness of management's accounting treatment for each element of the convertible note, such as the conversion feature and attaching instruments;
 - assessing the appropriateness of the valuation approach and the reasonableness of key inputs and assumptions to the estimates of fair value of the notes without the conversion feature for the purpose of identifying the equity component of the notes;
 - re-calculating management's liability and equity components for the convertible notes;
 - assessing the appropriateness of the subsequent measurement of liability component under the effective interest rate method;
 - inspecting evidence of subsequent approval and issuance of convertible notes via ASX announcements; and
 - assessing the appropriateness of financial statement disclosures.

Share based acquisition – Note 26

During the financial year the Group acquired 100% IronRinger Resources Pty Ltd and its controlled entities, which holds mining tenements in Western Australia, for a total consideration of \$1,814,572 satisfied by the issue shares and options.

There are a number of risks associated with the accounting for such acquisitions which include:

- Incorrect application of AASB 3 *Business Combinations*;
- Incorrect determination of the purchase consideration;
- Accounting estimates and judgements that do not appear reasonable;
- Determination of the fair value of assets and liabilities acquired; and
- Presentation and disclosure of the acquisition.

This is a key audit matter due to the size of the acquisition with pervasive impact on the Group's financial statements and the risk considerations identified above.

Our procedures included, amongst others:

- reading the relevant acquisition agreements to assess appropriateness of management's determination of the acquisition within or outside the scope of AASB 3;
- testing the accuracy of acquisition consideration against information inputs, including share price, and the terms of acquisition agreement;
- testing the identification and valuation of the identifiable assets and liabilities against available supporting documentation;
- assessing the competence, capability and objectivity of management experts used in the valuation of the assets and liabilities acquired;
- testing the mathematical accuracy of the calculations prepared by management; and
- assessing the appropriateness of the relevant disclosures in the financial statements.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors' for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Dreadnought Resources Limited, for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Grant Thornton Audit Pty Ltd
Chartered Accountants



J L Humphrey
Partner – Audit & Assurance

Adelaide, 26 September 2019