DREADNOUGHT RESOURCES

Interim Financial Report

For the half-year ended 31 December 2019

ABN 40 119 031 864

Contents

Corporate Directory

Directors

Paul Chapman	(Non-executive Chairman)
Dean Tuck	(Managing Director)
Ian Gordon	(Non-executive Director)
Paul Payne	(Non-executive Director)

Company Secretary
Nicholas Day

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Perth WA 6000

Stock Exchange
Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
ASX Code: DRE

Directors' Report

The Directors submit their half-year report of the '**Consolidated Entity**' or '**Group**', being Dreadnought Resources Limited ('**Dreadnought**' or the '**Company**') and its Controlled entities, for the half-year ended 31 December 2019 ('**Period**').

1. BOARD OF DIRECTORS

The Directors of the Company at any time during or since the end of the Period are as follows.

Directors	Position	Appointed/Resigned
Paul Chapman	**Non-executive Chairman**	**Appointed 9 April 2019**
Dean Tuck	**Managing Director**	**Appointed 9 April 2019**
Ian Gordon	**Non-executive Director**	**Appointed 21 December 2017**
Paul Payne	**Non-executive Director**	**Appointed 21 December 2017**
David Chapman	**Non-executive Director**	**Appointed 9 April 2019** **Resigned 31 July 2019**

2. OFFICERS OF THE COMPANY

On 1 July 2019, Nicholas Day was appointed as Company Secretary and Chief Financial Officer of the Company and Kaitlin Smith resigned as Company Secretary.

3. REVIEW OF OPERATIONS

(a) GROUP OVERVIEW

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

(b) HIGHLIGHTS & SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The highlights and significant changes in state of affairs during and subsequent to the end of the Period include:

Project Highlights:

<u>Tarraji-Yampi Ni-Cu-Au</u>

- At Chianti, two diamond holes intersected mineralised zones confirming a classical VMS sequence and highlighted the potential for further stacked, copper rich lodes.
- Six other large VMS targets at Chianti-Rufina were identified characterised by coincident FLEM, magnetic and surface geochemical anomalies.
- Diamond drilling at the Grants Copper-Gold IOCG target intersected a number of thick zones of copper mineralisation with a classic IOCG geochemical signature potentially indicating a larger system.
- Surveys identified coincident intense magnetic and gravity anomalies at the Fuso and Paul's Find IOCG targets.
- At the Texas Nickel-Copper-PGE magmatic sulphide target, FLEM and high-resolution airborne magnetics highlighted a coincident bedrock conductor with strong magnetic signature within the Ruins Dolerite.
- Kimberley acquisitions during the half year make Dreadnought the second largest landholder in the West Kimberley, second in size only to Independence Group NL.

Directors' Report

Illaara Gold & VMS

- RC drilling at CRA Homestead and Lawrence's Find identified gold mineralisation.
- The Company consolidated 75kms of strike along the Illaara Greenstone Belt through the acquisition of Metzke's Find and securing options to buy the NWA Nickel Sulphide Target and Reindler's Gossans.

Rocky Dam Gold & VMS Project

- Drilling approvals were received, and ultrafine soil sampling survey carried out to refine gold drill targets.

Corporate Highlights:

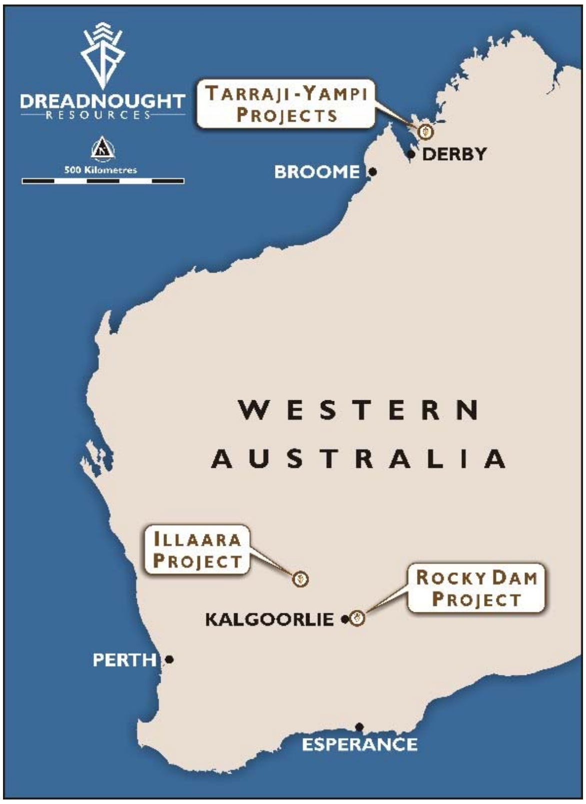
- The issue of 600,000 Convertible Notes each with a face value of $1.00 was approved by shareholders on 16 August 2019.
- A placement of 165,131,627 shares at an issue price of $0.003 raising $495,395 before costs was completed during July 2019.
- A Share Purchase Plan issued 140,166,663 shares at an issue price of $0.003 raising $420,500 before costs during August 2019.
- A Small Shareholding Sale Facility was completed in August 2019 and the total number of shareholders in the Company was reduced from (approximately) 1,580 shareholders to 750, significantly reducing administration costs.
- The Registered Office of the Company was relocated from Adelaide to Perth necessitating a restructure of the board and the management. The Group also renamed its subsidiaries to be consistent with that of the Company and the relevant areas of interest they encompass.
- A placement of 269,841,290 shares in November/December 2019 to raise $1.7 million at $0.0063 per share before costs.
- The Company received a Junior Mining Exploration Incentive ("**JMEI**") credit of $412,500 from the Australian Tax Office in respect of Eligible Investors that were issued shares during the year ended 30 June 2019. The JMEI credit was fully distributed to those Eligible Investors during the Period.
- The Company also received a JMEI credit allocation of $600,000 from the Australian Tax Office for the year ending 30 June 2020. It is expected that Eligible Investors qualifying for these credits will receive their tax statements during August 2020.
- The Company was awarded a $125,000 Exploration Incentive Scheme ("**EIS**") grant by the WA State Government to co-fund 12 RC drill holes at Illaara Central. EIS grants involve a competitive process and from 64 applications, Dreadnought was one of 41 successful applicants. EIS funding is managed by the Geological Survey and Resource Strategy Division of the Department of Mines, Industry Regulation and Safety ("**DMIRS**") to stimulate exploration leading to mineral discoveries. Dreadnought acknowledges this significant support from DMIRS.
- During the Period, the Company received an EIS reimbursement of $46,542 in relation to drilling at the Tarraji-Yampi Project.
- During the Period, a total of 40.5 million, 5 year incentive options were issued to the Company's Managing Director, Dean Tuck. Mr. Tuck also relinquished 30,000,000 options during the Period. The Company also issued 10 million, 5 year incentive options to the Company's Exploration Manager, Oliver Judd.
- In addition, the Company issued 7.5 million, 5 year incentive options to each of the three Non-Executive Directors – noting that each of the non-executive directors will receive no fees for the financial year ending 30 June 2020.
- During the half year, David Chapman resigned as a Non-executive Director due to increased external work commitments. David played a pivotal role in the establishment of the recently acquired IronRinger Group and the Tarraji-Yampi and Rocky Dam projects. In addition, Kaitlin Smith stepped down as Joint Company Secretary as part of the transition of the corporate office from Adelaide to Perth. Kaitlin acted as Company Secretary to the Company for four years. The Board thanks Mr. Chapman and Ms. Smith for their respective contributions to the Company.

Directors' Report

(c) PROJECTS

Tarraji-Yampi Ni-Cu-Au Project

Dreadnought controls the second largest land holding in the highly prospective West Kimberley region of WA. The main project area, Tarraji-Yampi, is located only 85kms from Derby and has been locked up as a Defence reserve since 1978. The area was only recently opened under the Commonwealth Government's co-existence regime that balances Defence's needs with the requirements of others including Aboriginal groups, the resources industry, pastoralists and State Governments.



Tarraji-Yampi presents a rare first mover opportunity with known outcropping mineralisation and historic workings from the early 1900s which have seen no modern exploration.

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

Illaara Gold & VMS Project

Illaara is located 160km northwest of Kalgoorlie in the Yilgarn Craton and covers 75kms of strike along the Illaara Greenstone Belt. Illaara is prospective for typical Archean mesothermal lode gold deposits and Cu-Zn VMS mineralisation.

Dreadnought has consolidated the Illaara Greenstone Belt mainly through an acquisition from Newmont Goldcorp ("**Newmont**"). Newmont defined several camp-scale targets which were undrilled due to a change in corporate focus. Prior to Newmont, the Illaara greenstone belt was held predominantly by iron ore explorers and has seen minimal gold and base metal exploration since the 1990s. Illaara contains several drill ready gold targets. In addition, the Eastern and Western VMS Horizons are expected to produce exciting drill targets with the application of modern exploration technology.

Rocky Dam Au-Cu-Zn Project

Rocky Dam is located 45kms east of Kalgoorlie in the Eastern Goldfields Superterrane of Western Australia and is prospective for typical Archean mesothermal lode gold deposits and Cu-Zn VMS mineralisation. Rocky Dam has known gold and VMS occurrences with drill ready gold targets based on 1990s mineralised gold intercepts which are yet to be followed up.

Directors' Report

Competent Person's Statement

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

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

4. FINANCIAL PERFORMANCE & FINANCIAL POSITION

The financial results of the Group for the half-year ended 31 December 2019 are:

	31-Dec-19	30-Jun-19	% Change
Cash and cash equivalents ($)	**1,118,653**	647,966	73%
Net assets ($)	**4,172,841**	2,055,644	103%

	31-Dec-19	31-Dec-18	% Change
Revenue ($)	**2,543**	1,550	64%
Net loss after tax ($)	**(696,983)**	(456,167)	47%
Loss per share (cents) *	**(0.05)**	(0.08)	-37%

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

5. SUBSEQUENT EVENTS

On 6 December 2019, Dreadnought announced the acquisition of Metzke's Find (E29/1050) as part of the consolidation of the Illaara Greenstone Belt. Metzke's Find contains historic workings over ~700m of strike with shallow historic drilling results including:

- MZ07: 5m @ 4.0 g/t Au from 11m
- MZ25: 1m @ 18.0 g/t Au from 22m
- MZ19: 2m @ 15.7 g/t Au from 19m
- MZ28: 2m @ 3.6 g/t Au from 37m to EOH
- MZ23: 3m @ 11.7 g/t Au from 18m

Completion of the acquisition was subject to a number of conditions including the issue of 14,500,000 fully paid ordinary shares to the vendors. This and all other conditions were concluded in January 2020.

On 14 August 2019, the Company announced the acquisition of Wombarella located in the West Kimberley. Wombarella covers the outcropping Wombarella Mafic-Ultramafic Intrusions which are prospective for Ni-Cu-PGE mineralisation and the Whitewater Volcanics which are prospective for Cu-Zn-Pb-Ag VMS mineralisation. Further, there are magnetic anomalies underlying the Whitewater Volcanics which may be related to occurrences of Ruins Dolerite. Wombarella straddles the Gibb River Road providing easy access and is located in the middle of Independence Group NL's project areas. Wombarella is highly prospective and a strategic addition to Dreadnought's Kimberley ground position.

Completion of the acquisition was subject to a number of conditions including the issue of 16,000,000 fully paid ordinary shares to the vendors. This and all other conditions were concluded in January 2020.

Directors' Report

6. AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Independence Declaration by the lead auditor under Section 307C is included on page 9 to these half-year financial statements.

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

Dean Tuck
Managing Director
Perth, 13 March 2020

AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF DREADNOUGHT RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

In relation to the independent review for the half-year ended 31 December 2019, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards).*

This declaration is in respect of Dreadnought Resources Limited and the entities it controlled during the period.

Pitcher Partners BA&A Pty Ltd

PITCHER PARTNERS BA&A PTY LTD

J C PALMER
Executive Director
Perth WA, 13 March 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	31-Dec-19	31-Dec-18
		$	$
Revenue from continuing operations		**2,543**	1,550
Administration expenses		**(174,340)**	(213,763)
Interest expense		**(39,234)**	-
Exploration expenditure		**(9,043)**	-
Legal fees		**(39,906)**	(6,033)
Impairment of exploration and evaluation expenditure		**(39,426)**	(237,921)
Employee benefits expense		**(397,577)**	-
Loss from continuing operations before income tax		**(696,983)**	(456,167)
Income tax benefit		**-**	-
Loss from continuing operations after income tax		**(696,983)**	(456,167)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Equity instruments at fair value though other comprehensive income		-	(8,043)
Other comprehensive loss for the period, net of tax		**-**	(8,043)
Total comprehensive loss for the period		**(696,983)**	(464,210)
Loss for the period attributable to the owners of Dreadnought Resources Limited		**(696,983)**	(456,167)
Total comprehensive loss for the period attributable to the owners of Dreadnought Resources Limited		**(696,983)**	(464,210)
Loss per share attributable to ordinary equity holders			
- Basic loss per share (cents)		**(0.05)**	(0.08)
- Diluted loss per share (cents)		**(0.05)**	(0.08)

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

Consolidated Statement of Financial Position

	Notes	31-Dec-19	30-Jun-19
		$	$
ASSETS			
Current assets			
Cash and cash equivalents		**1,118,653**	647,966
Trade and other receivables		**84,175**	18,917
Other assets		**30,514**	11,527
Total current assets		**1,233,342**	678,410
Non-current assets			
Property, plant and equipment		**-**	2,158
Exploration evaluation assets	3	**3,730,157**	2,130,136
Total non-current assets		**3,730,157**	2,132,294
Total assets		**4,963,499**	2,810,704
LIABILITIES			
Current liabilities			
Trade and other payables	4	**208,147**	191,503
Provisions		**12,797**	3,077
Total current liabilities		**220,944**	194,580
Non-current liabilities			
Other financial liabilities		**569,714**	560,480
Total non-current liabilities		**569,714**	560,480
Total liabilities		**790,658**	755,060
Net assets		**4,172,841**	2,055,644
EQUITY			
Issued capital	5	**42,706,979**	40,263,315
Reserves	6	**445,036**	74,520
Retained Earnings		**(38,979,174)**	(38,282,191)
Total equity		**4,172,841**	2,055,644

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

Consolidated Statement of Changes in Equity

	Issued Capital $	Share Based Payments Reserve $	FVOCI Reserve $	Retained Earnings $	Equity Reserve $	Total Equity $
At 1 July 2018	38,106,938	-	(25,000)	(37,568,356)	-	513,582
Comprehensive income:						
Loss for the period	-	-	-	(456,167)	-	(456,167)
Other comprehensive loss	-	-	(8,043)	-	-	(8,043)
Total comprehensive loss for the period	-	-	(8,043)	(456,167)	-	(464,210)
Transactions with owners in their capacity as owners:						
Transaction costs	(4,500)	-	-	-	-	(4,500)
At 31 December 2018	38,102,438	-	(33,043)	(38,024,523)	-	44,872

	Issued Capital $	Share Based Payments Reserve $	FVOCI Reserve $	Retained Earnings $	Equity Reserve $	Total Equity $
At 1 July 2019	**40,263,315**	**35,000**	**-**	**(38,282,191)**	**39,520**	**2,055,644**
Comprehensive income:						
Loss for the period	**-**	**-**	**-**	**(696,983)**	**-**	**(696,983)**
Other comprehensive loss	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive loss for the period	**-**	**-**	**-**	**(696,983)**	**-**	**(696,983)**
Transactions with owners in their capacity as owners:						
Share issues, net of transaction costs and tax	**2,443,664**	**-**	**-**	**-**	**-**	**2,443,664**
Option issues, net of transaction costs and tax	**-**	**370,516**	**-**	**-**	**-**	**370,516**
At 31 December 2019	**42,706,979**	**405,516**	**-**	**(38,979,174)**	**39,520**	**4,172,841**

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

Consolidated Statement of Cash Flows

	Notes	**31-Dec-19**	31-Dec-18
		$	$
Cash flows from operating activities			
Payment to suppliers and employees		**(332,320)**	(247,444)
Interest received		**2,543**	1,550
Interest and other costs of finance paid		**(30,000)**	
Net cash outflow from operating activities		**(359,777)**	(245,894)
Cash flows from investing activities			
Payment for exploration and evaluation activities		**(1,613,200)**	(526)
Net cash outflow from investing activities		**(1,613,200)**	(526)
Cash flows from financing activities			
Proceeds from the issue of shares		**2,615,894**	**-**
Share issue costs		**(172,230)**	-
Net cash outflow from financing activities		**2,443,664**	-
Cash and cash equivalents at the beginning of the period		**647,966**	350,451
Net increase/(decrease) in cash and cash equivalents		**470,687**	(246,420)
Cash and cash equivalents at the end of the period		**1,118,653**	104,031

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

Notes to the Consolidated Financial Statements

1. CORPORATE INFORMATION

Dreadnought Resources Limited (referred to as '**Dreadnought**' or the '**Company**' or '**Parent Entity**') is a Company domiciled in Australia. The address of the Company's registered office and principal place of business is disclosed in the Corporate Directory of this report. The consolidated financial statements of the Company as at and for the half-year ended 31 December 2019 (the '**Period**') comprise the Company and its subsidiaries (together referred to as the '**Consolidated Entity**' or the '**Group**'). The Group is primarily involved in exploration and development with a focus on discovering economic deposits in Western Australia.

2. BASIS OF PREPARATION

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position, financing and investing activities of the Company as the full financial report. Accordingly, this half-year financial report is to be read in conjunction with the annual financial statements for the year ended 30 June 2019 and considered together with any public announcements made by the Company during the Period and up to the date of this report in accordance with the continuous disclosure obligations of the ASX Listing Rules.

The half-year interim financial report of Dreadnought Resources Limited was authorised for issue in accordance with a resolution of the directors on 13 March 2019.

(a) Basis of measurement

The interim financial report is a condensed financial report prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134: *Interim Financial Reporting*.

The consolidated financial statements have been prepared on a going concern basis in accordance with the historical cost convention, unless otherwise stated.

(b) Going Concern

The financial statements have been prepared on a going concern basis which assumes the Company and Group will have sufficient funds to pay its debts, as and when they become payable, for a period of at least 12 months from the date the financial report is authorised for issue.

As at 31 December 2019, the Group had net assets of $4,172,841 (30 June 2019: $2,055,644). During the half year, the Group had cash outflows from operating activities of $359,777 (31 December 2018: $247,777) and cash outflows from investing activities (including payments for exploration and evaluation activities) of $1,613,201 (31 December 2018: $526). The Group has minimum expenditure commitments for the year ending 31 December 2019 of $758,000 (as set out in Note 10).

The Group's cash flow forecast out to 31 March 2021 indicates that the Group will need to raise additional funds to meet expenditure commitments, its business plan and its current level of corporate overheads to continue as a going concern.

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

- developed a business plan that provides encouragement for investors to invest;
- 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 in respect of the year ending 30 June 2020;
- committed to apply for a JMEI tax credit in respect of the year ending 30 June 2021; and
- continued their focus on maintaining an appropriate level of corporate overheads in line with the Group's available cash resources.

Notes to the Consolidated Financial Statements

The Directors are confident that the Group will be able to complete a fund raising to meet the Group's funding requirements for the forecast period ending 31 March 2021. The Directors therefore believe that it is appropriate to prepare the 31 December 2019 financial statements on a going concern basis.

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

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

(c) Summary of the significant accounting policies

The Group has applied all new and revised Australian Accounting Standards that apply to annual reporting periods beginning on or after 1 July 2019, including AASB 16 *Leases* ("AASB 16").

AASB 16 replaces AASB 117 Leases and introduces a single lessee accounting model that requires a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

Right-of-use assets are initially measured at cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition, right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for on a cost basis.

Lease liabilities are accounted for on a similar basis to other financial liabilities, whereby interest expense is recognised in respect of the lease liability and the carrying amount of the lease liability is reduced to reflect the principal portion of lease payments made.

In accordance with the transition requirements of AASB 16, the Group has elected to apply AASB 16 retrospectively to those contracts that were previously identified as leases under the predecessor standard, with the cumulative effect, if any, of initially applying the new standard recognised as an adjustment to opening retained earnings at the date of initial application (i.e. at 1 July 2019). Accordingly, comparative information has not been restated.

The Group has also elected to apply the following practical expedients to the measurement of right-of-use assets and lease liabilities in relation to those leases previously classified as operating leases under the predecessor standard:

- to recognise each right-of-use asset at the date of initial application at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application;
- to not recognise a right-of-use asset and a lease liability for leases for which the underlying asset is of low value;
- to not recognise a right-of-use asset and a lease liability for leases for which the lease term ends within 12 months of the date of initial application; and
- to use hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

The Group has performed an assessment and determined that it has no arrangements which would constitute a lease under AASB 16. The amendments and interpretations above, all of which apply to the Group as at 1 July 2019 have not had a material impact on the transactions and balances recognised in the financial statements.

Notes to the Consolidated Financial Statements

(d) 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.

Please refer to the Group's 30 June 2019 financial statements for information on the Group's judgements, estimates and assumptions.

(i) Share based payments

The Group measures the cost of equity settled share based payments at fair value at the grant date using the Black-Scholes option pricing model taking into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected volatility of the underlying share, the expected dividend yield and risk free interest rate for the term of the option. Refer to Note 6.

3. EXPLORATION AND EVALUATION EXPENDITURE

	31-Dec-19	30-Jun-19
	$	$
Exploration and evaluation expenditure	**3,730,157**	2,130,136
Exploration assets at cost		
Balance at the beginning of the period	**2,130,136**	252,521
Expenditure incurred	**1,639,447**	2,130,764
Impairment	**(39,426)**	(253,149)
Total exploration and evaluation expenditure	**3,730,157**	2,130,136

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

4. TRADE AND OTHER PAYABLES

	31-Dec-19	30-Jun-19
	$	$
Trade creditors	**181,648**	64,694
Accruals	**-**	116,556
PAYG and wages payable	**15,400**	4,160
Superannuation payable	**11,099**	6,093
	208,147	191,503

5. ISSUED CAPITAL

	31-Dec-19	**30-Jun-19**
	$	$
Ordinary shares fully paid	**42,706,979**	40,263,315

Notes to the Consolidated Financial Statements

(a) Ordinary Shares

		30-Jun-19	
		Number of shares	**$**
Date	**Opening balance 1 July 2018**	**577,156,607**	38,106,938
1/07/2019	Non-renounceable right issue	**65,324,977**	195,975
31/01/2019	Issued to a Director of the Company	**13,333,334**	40,000
25/02/2019	Placement	**51,666,666**	155,000
4/04/2019	issued to IronRinger vendors (i)	**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 (i)	**20,000,000**	80,000
28/06/2019	Issued to parties in connection with 100% acquisition of IronRinger (Tarraji) Pty ltd (i)	**51,559,604**	206,238
	Less fundraising costs	**-**	(40,169)
At end of period		**1,161,041,188**	40,263,315

(i) During the 30 June 2019 year, the Group purchased IronRinger Resources Pty Ltd and its controlled entities for consideration that included 444,892,938 fully paid ordinary shares and share options. Options issued included 50,000,000 share options at an exercise price of $0.01 each, refer Note 6 for further details.

		31-Dec-19	
		Number of shares	**$**
Date	**Opening balance 1 July 2019**	**1,161,041,188**	40,263,315
3/07/2019	Share Placement - Sophisticated and professional investors	**165,131,627**	495,395
1/08/2019	Share Purchase Plan	**140,166,663**	420,500
21/11/2019	Share Placement - Sophisticated and professional investors	**219,761,918**	1,384,500
28/11/2019	Share Placement - Sophisticated and professional investors	**23,095,243**	145,500
23/12/2019	Director & Management participation in Placement	**26,984,129**	170,000
	Less fundraising costs	**-**	(172,231)
At end of period		**1,736,180,768**	42,706,979

(b) Share options

At 31 December 2019, there were 123,000,000 unissued ordinary shares under option (30 June 2019: 50,000,000 options). The details of the unlisted options are as follows:

Number	Exercise Price $	Expiry Date
50,000,000 (i)	0.01	3-Apr-24
33,000,000	0.005	30-Jun-24
30,000,000	0.005	9-Apr-24
10,000,000	0.008	17-Sep-24

(i) Issued as part of the acquisition of IronRinger Resources Pty Ltd and its controlled entities, refer Note 6. For further information as to the movement in options during the half-year ended 31 December 2019 refer to Note 6: Reserves. No ordinary shares were issued on the exercise of options during the period.

Notes to the Consolidated Financial Statements

(c) Convertible notes

The Group received a total amount of $600,000 from Convertible Notes in June 2019. The issue of Convertible Notes were approved by shareholders in August 2019. The Convertible Notes each have a face value of $1.00 and bear interest at 10% per annum, with a Conversion Price of $0.0055, and have a Maturity Date of 21 June 2021.

6. RESERVES

	31-Dec-19	30-Jun-19
	$	$
Share-based payments reserve (a)	405,516	35,000
Equity Reserve	39,520	39,520
	445,036	74,520

(a) Movement in Share-based payments reserve

Movements in the share-based payments reserve for the half year ended 31 December 2019 related to the issue of options to Directors and employees. These options were issued as incentives in order to align the interests of the recipients with that of the Group.

Summarised below is a reconciliation of the movement of the share-based payment reserve for each issue of options during the half year ended 31 December 2019:

		Number of options	$
	At beginning of period	50,000,000	35,000
Grant Date			
16/08/2019	Options issued –Non-executive Directors Incentive Options [(1)]	22,500,000	83,318
16/08/2019	Options issued – Options to Managing Director [(2)]	40,500,000	175,746
17/09/2019	Options issued – Options to Exploration Manager [(3)]	10,000,000	58,780
22/11/2019	Options cancelled - Managing Director Options [(2)]	(30,000,000)	-
23/12/2019	Options issued – Managing Director [(4)]	30,000,000	52,672
At end of period		123,000,000	405,516

[(1)] On 16 August 2019, the Group granted 22,500,000 unlisted incentive options to Non-executive Directors, exercisable at $0.005 on or before 30 June 2024. The options vest over four quarterly tranches from 1 July 2019 to 30 June 2020.

[(2)] On 16 August 2019, the Group granted 10,500,000 unlisted incentive options exercisable at $0.005 on or before 30 June 2024 vesting immediately to the Managing Director. The Group also granted 30,000,000 unlisted incentive options exercisable at $0.005 on or before 9 April 2021 to the Managing Director.

As per the Group's Notice of Meeting dated 22 November 2019, it was identified that the issue of the above 30,000,000 incentive options was not consistent with the Managing Director's executive services contract. At the General Meeting held 23 December 2019, it was approved to cancel these options and issue the Managing Director with new Options (refer to (4) below).

Notes to the Consolidated Financial Statements

(3) On 17 September 2019, the Group granted 10,000,000 unlisted incentive options exercisable at $0.008 on or before 17 September 2024 vesting immediately to the Exploration Manager.

(4) On 23 December 2019, the Group granted 30,000,000 unlisted incentive options exercisable at $0.005 on or before 9 April 2024 vesting immediately to the Managing Director.

As detailed above at (2), these options were new instruments for the Managing Director. The amount expensed in relation to these instruments is the incremental increase in fair value as a result of the change in terms from an expiry life 9 April 2021 to 9 April 2024.

(b) Fair value of options issued during the period

The fair value of options issued during the half-year ended 31 December 2019 were valued using a Black-Scholes pricing model with the following inputs:

(1) The options were deemed to have a fair value of $0.00489 per option. This value was calculated using the Black-Scholes option pricing model applying the following inputs:

Share price	$0.005
Exercise price	$0.005
Expected volatility	203.65%
Risk-free interest rate	0.68%
Useful life/term	5

(2) The options were deemed to have a fair value of $0.00489 per option. This value was calculated using the Black-Scholes option pricing model applying the following inputs:

Share price	$0.005
Exercise price	$0.005
Expected volatility	203.65%
Risk-free interest rate	0.68%
Useful life/term	5

(3) The options were deemed to have a fair value of $0.00588 per option. This value was calculated using the Black-Scholes option pricing model applying the following inputs:

Share price	$0.006
Exercise price	$0.008
Expected volatility	211.56%
Risk-free interest rate	0.89%
Useful life/term	5

Notes to the Consolidated Financial Statements

(4) The options were deemed to have a fair value of $0.00591 per option. This value was calculated using the Black-Scholes option pricing model applying the following inputs:

Share price	$0.006
Exercise price	$0.005
Expected volatility	212.37%
Risk-free interest rate	0.98%
Useful life/term	5

A share based payment expense has been included within the Consolidated Statement of Profit or Loss and Other Comprehensive Income, with the expense recognised over the useful life/term of the options.

The total share based payment expense for the Period in respect to equity instruments issued was $370,516.

7. SEGMENT INFORMATION

The Directors have considered the requirements of AASB 8 *Operating Segments* and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources and have concluded that at this time are no separately identifiable segments.

8. RELATED PARTIES

(a) Transactions with related parties

Dean Tuck (Managing Director) received a total of 40.5 million 5 year incentive options exercisable at $0.005 per share during the half year.

The directors, Paul Chapman, Paul Payne and Ian Gordon each received 7.5 million 5 year incentive options exercisable at $0.005 per share during the quarter. Each of these three Directors have elected not to receive fees for the financial year ended 30 June 2020.

(b) Transactions with other related parties

The following transactions occurred with related parties:

	31-Dec-19	30-Jun-19
	$	$
Company secretarial and accounting services- 133 North Trust (i)	**36,000**	-

(i) Company secretarial and accounting fees of $36,000 (30 June 2019: $Nil) were paid to 133 North Trust during the period, of which Mr Nicholas Day is a director trustee and beneficiary.

There are no other transactions with KMP during the half-year ended 31 December 2019.

Notes to the Consolidated Financial Statements

(c) Subsidiaries:

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

Name of subsidiary	% ownership interest 31 December 2019	% ownership interest 30 June 2019
Tychean Tanami Pty Ltd (previously ERO Metals Pty Ltd)	**100.0**	100.0
Valley Floor Resources Pty Ltd	**100.0**	100.0
Dreadnought Holdings Pty Ltd (previously IronRinger Resources Pty Ltd)	**100.0**	100.0
Dreadnought Kimberley Pty Ltd (previously IronRinger (Tarraji) Pty Ltd)	**100.0**	100.0
Dreadnought Yilgarn Pty Ltd (previously IronRinger (Industrial Minerals) Pty Ltd)	**100.0**	100.0

9. DIVIDENDS

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

10. COMMITMENTS

In order to maintain current rights of tenure to exploration tenements, the Group will be required to outlay amounts totalling $758,000 during the year ending 31 December 2020 (30 June 2019: $184,000) in respect of tenement lease rentals and to meet minimum expenditure requirements.

11. CONTINGENCIES

There are no material contingent liabilities or contingent assets (30 June 2019: 70,000).

12. SUBSEQUENT EVENTS

On 6 December 2019, Dreadnought announced the acquisition of Metzke's Find (E29/1050) as part of the consolidation of the Illaara Greenstone Belt. Metzke's Find contains historic workings over ~700m of strike with shallow historic drilling results including:

- MZ07: 5m @ 4.0 g/t Au from 11m
- MZ25: 1m @ 18.0 g/t Au from 22m
- MZ19: 2m @ 15.7 g/t Au from 19m
- MZ28: 2m @ 3.6 g/t Au from 37m to EOH
- MZ23: 3m @ 11.7 g/t Au from 18m

On 14 August 2019, the Company announced the acquisition of Wombarella located in the West Kimberley. Wombarella covers the outcropping Wombarella Mafic-Ultramafic Intrusions which are prospective for Ni-Cu-PGE mineralisation and the Whitewater Volcanics which are prospective for Cu-Zn-Pb-Ag VMS mineralisation. Further, there are magnetic anomalies underlying the Whitewater Volcanics which may be related to occurrences of Ruins Dolerite. Wombarella straddles the Gibb River Road providing easy access and is located in the middle of Independence Group NL's project areas. Wombarella is highly prospective and a strategic addition to Dreadnought's Kimberley ground position.

Completion of the acquisition was subject to a number of conditions including the issue of 16,000,000 fully paid ordinary shares to the vendors. This and all other conditions were concluded in January 2020.

There have not been any other significant events that have arisen since 31 December 2019 and up to the date of this report that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Directors' Declaration

The Directors of the Company declare that:

(a) The financial statements and notes of the Group are in accordance with the *Corporations Act 2001*, and:

(i) give a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the half-year ended on that date.

(ii) comply with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

(b) In the Director's opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed on behalf of the Directors by:

Dean Tuck
Managing Director
Perth, 13 March 2020

DREADNOUGHT RESOURCES LIMITED
ABN 40 119 031 864

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF DREADNOUGHT RESOURCES LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Dreadnought Resources Limited (the "Company") and its controlled entities (the "Group"), which comprises the consolidated statement of financial position as at 31 December 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 half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

DREADNOUGHT RESOURCES LIMITED
ABN 40 119 031 864

INDEPENDENT AUDITOR'S REVI EW REPORT
TO THE MEMBERS OF DREADNOUGHT RESOURCES LIMITED

Material Uncertainty Related to Going Concern

We draw attention to Note 2(b) to the half-year financial report, which indicates that the Group incurred a net loss of $696,983 for the half-year ended 31 December 2019 and generated an operating cash outflow of $359,777, and as at that date, had net current assets of $1,012,398 and net assets of $4,172,841. These conditions, along with other matters set forth in Note 1 Going Concern to the half-year financial report, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in this respect.

Pitcher Partners BA&A Pty Ltd

PITCHER PARTNERS BA&A PTY LTD

J C PALMER
Executive Director
Perth WA, 13 March 2020