



17 August 2022

LONG-TERM INCENTIVES ON DELIVERY OF SIGNIFICANT REE RESOURCES

As part of the remuneration review for the 2022-2023 financial year, the Board of Dreadnought Resources Limited (“**Board**”, “**Dreadnought**” or “**the Company**”) has resolved to create a Long-Term Incentive (“**LTI**”) scheme under which employees and, subject to shareholder approval, directors may receive performance rights.

The objectives of setting these LTIs in the remuneration review included:

- Ensuring employee/director alignment and retention;
- Creating long term shareholder value by setting significant targets that will have a material, beneficial impact on Dreadnought’s enterprise value; and
- Ensuring that Dreadnought remains a preferred employer of choice in being able to attract and retain professionals in a highly competitive market.

Long Term Incentives

The Board approved LTI scheme involves the issue of performance rights, with each performance right representing the right to subscribe for one fully paid ordinary Dreadnought share, to employees and directors. A LTI Plan will govern the terms of the performance rights. The adoption of the LTI Plan for the purposes of Listing Rule 7.2 Exception 13 will be subject to shareholder approval at the 2022 Annual General Meeting as will the issue of performance rights to directors.

The essential terms of the LTIs are as follows:

Vesting Conditions: The LTIs are divided into three equal tranches. Each tranche will vest upon the Company announcing, during the vesting period, a JORC 2012 Mineral Resource (“**Resource**”) of Total Rare Earth Oxide (“**TREO**”) as follows:

Tranche 1: A Resource of at least the inferred category of 10Mt @ > 1% TREO by 31 December 2022.

Tranche 2: A Resource of at least the inferred category of 20Mt @ > 1% TREO by 31 December 2023.

Tranche 3: A Resource of at least the inferred category of 30Mt @ > 1% TREO by 31 December 2024.

In setting the LTI tranches, the Board has benchmarked against the Yangibana Rare Earths Project which is Dreadnought’s immediate neighbour located only 25km to the northeast of Dreadnought’s Yin prospect. Yangibana is controlled by Hastings Technology Metals Ltd (ASX.HAS), which as at 15 August 2022 had a market capitalisation of ~\$468M, and is a globally unique deposit due to the high ratio of NdPr to TREO. An initial Resource was first announced at Yangibana in 2014 and has increased to its current level of 27.42Mt @ 0.97% TREO with 0.33% Nd/Pr*. Yangibana is under construction and development with first production planned for 2024.

**HAS:ASX: 5 May 2021 “Yangibana Project updated Measured and Indicated Resources tonnes up by 54%”*

Vesting of the performance rights will also be conditional on the holder remaining an employee or director as at the date the vesting condition is satisfied (subject to the exercise of any discretion by



the Board to waive a vesting condition or to allow an employee or director who retires in certain circumstances to retain their performance rights as provided for by the rules of LTI Plan).

Quantity of Performance Rights: The total number of performance rights proposed to be issued as LTIs across the three tranches has been determined by the Board as 29,200,000 with 7,700,000 issued to the directors as follows:

Paul Chapman 900,000 performance rights
Dean Tuck 5,000,000 performance rights
Ian Gordon 900,000 performance rights
Paul Payne 900,000 performance rights

The remaining 21,500,000 performance rights will be issued to employees.

By way of example, if the Tranche 1 LTI vesting condition is achieved, one-third of the above performance rights would vest. If the Tranche 2 LTI vesting condition is not achieved, one-third of the performance rights would not vest. If the Tranche 3 LTI vesting condition is achieved, one-third of the above performance rights would vest.

The Company will seek shareholder approval at the 2022 Annual General Meeting for the issue of the performance rights to each director in accordance with ASX Listing Rule 10.14 and Chapter 2E of the Corporations Act 2001.

This announcement has been authorised for release by the Board.

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