



## **Annual Report**

**ABN 40 119 031 864**

**For the Year Ended 30 June 2021**

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## CHAIRMAN'S LETTER

Dear Fellow Shareholder,

We are pleased to present the 2021 Annual Report for Dreadnought Resources Limited ("Dreadnought" or the "Company"). The past year has been another active year for Dreadnought.

At this time last year, I described our goals for 2021 including:

### **Illaara Project**

*Systematically assess and test the numerous high-quality gold opportunities including the three ~10km long orogenic gold anomalies at Metzke's Find, Lawrence's Find and Central Illaara.* This work was successful with JORC 2012 Resource definition work at Metzke's Find now planned in the December 2021 quarter. Other gold targets on the major structural corridors remain subject to ongoing testing.

*Commercialise Illaara's iron ore potential.* Environmental surveys were successfully completed during the year hence paving the way for JORC 2012 Resource drilling at the Kings iron ore prospect in the December 2021 quarter.

*Refine and test the VMS targeting methods.* This work resulted in the 1.4km long Nelson Cu-Pb-Zn-Ag anomaly being identified for testing over the coming year.

### **Tarraj-Yampi Project**

*Drill the fully approved and numerous untested targets at Tarraj-Yampi.* This work went exceptionally well with significant results returned from Orion, Grant's Find and Fuso showing a strong Cu-Au-Ag style of mineralisation with associated Co, Bi and Sb (up to 0.1% - 0.2%) metal association. This association indicates that all three targets are potentially part of a larger mineralisation system including Texas and Rough Triangle.

### **Rocky Dam Project**

*Refine and test our understanding of the bedrock lode position at Rocky Dam.* Given the acquisition and consolidation of Mangaroon, Rocky Dam became non-core and limited work was undertaken. Rocky Dam was commercialised via a divestment to Lycaon Resources Ltd and reduced our annual tenement holding costs while allowed us to focus on advancing core projects.

### **General**

*In addition, we will continue to evaluate other opportunities for adding to shareholder value.* Major advances were made on this front including:

- the acquisition and consolidation of the Mangaroon Ni-Cu-PGE & Au project;
- entering into an Option/JV agreement with First Quantum Minerals Limited regarding the base metal rights over five tenements at Mangaroon; and
- identification of critical metals at the Peggy Sue Lithium-Caesium-Tantalum prospect and the Yin rare earth element prospect.

For 2021, our goals include to:

- establish JORC 2012 Resources at our more advance projects including for gold at Metzke's Find, iron ore at the Kings prospect and rare earths at Yin;
- advance and determine the scale potential of the mineralisation system at Tarraj-Yampi (including Orion, Grant's Find, Fuso, Texas and Rough Triangle);
- advance our earlier stage prospects (Nelson base metals VMS, Peggy Sue Lithium-Caesium-Tantalum, Black Oak, Lawrence's Corridor, CRA Homestead, Mangaroon gold;
- continue to assess the economics of producing a saleable concentrate from the rare earths at Yin; and
- continue to evaluate other opportunities for adding to shareholder value.

## CHAIRMAN'S LETTER

In closing, we would like to thank our stakeholders including traditional owners, local communities, employees, joint venture alliance partners, suppliers and other business partners. We also would take this opportunity to thank our fellow shareholders for your ongoing support.



**Paul Chapman**  
**Non-Executive Chairman**

## 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, Dreadnought or the Company) and the entities it controlled at the end of, or during, the year ended 30 June 2021.

### DIRECTORS

The following persons were directors of the Company 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

**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

### PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year were minerals 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 (2020: Nil).

### OPERATING RESULTS AND FINANCIAL POSITION

The net result of operations for the financial year was a loss of \$1,277,865 (2020: \$1,215,539).

The net assets of the Group have increased by \$7,562,523 during the financial year from \$4,596,252 at 30 June 2020 to \$12,158,775 at 30 June 2021.

### REVIEW OF OPERATIONS

**Group Overview**

The Group is an ASX-listed exploration and development company focussing on copper, nickel, rare earths and gold projects within the state of Western Australia. The Company's strategy is to discover major copper, nickel, rare earths and gold deposits within Western Australia.

## DIRECTORS' REPORT

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

### Tarraj-Yampi Ni-Cu-PGE & Au ("Tarraj-Yampi")

- During the year, a 3D inversion of magnetic and gravity data refined the Fuso and Paul's Find Cu-Au Targets. Fuso has been defined by a 500m x 400m high density gravity anomaly nestled within a ~1,700m x 700m south-southeast plunging magnetic anomaly. Paul's Find is defined by a coincident intense ~300m x 200m remanent magnetic and density anomaly located near surface. This geophysical signature is typical of Proterozoic Cu-Au deposits such as those seen in Tennant Creek and Mt Isa.
- Geophysical and environmental surveys were undertaken. Ground based Fixed Loop EM ("FLEM") Surveys identified three conductors at Orion and drilling is ongoing. Also, diamond drilling at Texas Ni-Cu-PGE commenced and is also ongoing with the initial hole intersecting sulphides within the Ruins Dolerite.
- Subsequent to 30 June 2021, RC drilling commenced at Orion, Fuso, Grant's Find and Paul's Find Cu-Au and Chianti-Rufina Cu-Pb-Zn-Ag targets and intersected significant Cu-Ag-Au massive sulphides at Orion, Cu-Au-Co at Grant's Find and Cu-Au-Co at Fuso. Ongoing target generation work confirmed high grade Cu-Ag-Bi-Sb at Rough Triangle. The current view is that these deposits form part of a large mineralised system.

### Mangaroon Ni-Cu-PGE, REE & Au Project ("Mangaroon")

- Dreadnought consolidated a >4,500 sq km ground position in the Mangaroon zone of the Gascoyne region of Western Australia. Mangaroon is host to high-grade gold mineralisation, high-tenor outcropping Ni-Cu-PGE sulphide mineralisation and high-grade rare earth element ("REE") ironstones.
- First Quantum Minerals Limited ("FQM") entered into an Option/JV agreement regarding the base metal rights over five tenements at Mangaroon. The Option provides FQM with the right, following the completion of an exploration program funded by FQM, to earn a 51% interest in Mangaroon by spending \$15m and a further 19% interest by sole funding all expenditure up until a Decision to Mine.
- Work programs included: mapping and rock chip sampling over outcropping Ni-Cu-PGE mineralisation along the Money Intrusion (Ni-Cu-PGE); soil sampling over the Edmund and Minga Bar Faults (Au); and rock chip sampling and mapping of outcropping high-grade REE ironstones.
- Subsequent to 30 June 2021, a 1km long outcropping gossanous horizon was identified along the Money Intrusion and additional high-grade REE ironstone outcrops were confirmed over 2.5km of strike at Yin with an additional five REE ironstone outcrops identified off the Yin trend. An initial flotation circuit using bulk surface samples from Yin performed well, achieving a recovery of 92.8% at a concentrate grade of 12.3% Nd<sub>2</sub>O<sub>3</sub>. Based on Nd<sub>2</sub>O<sub>3</sub> and CeO<sub>2</sub> to TREO ratios from the head sample analysis, this equates to an average 40% TREO grade concentrate. Mineralogical work on the concentrate confirmed that the REEs were hosted in monazite.

### Illaara Au-Cu-LCT-Iron Ore Project ("Illaara")

- High grade, narrow vein gold has been a focus within the Metzke's Corridor. Multiple anomalies still require testing in addition to following the Metzke's Lode at depth.
- With the encouragement of Metzke's Corridor, the Lawrence's Corridor and the Black Oak-CRA-Spitfire Corridor have become the focus for the gold target generation pipeline.
- In addition to gold, environmental work was advanced on the iron ore targets, high-grade tantalum mineralisation was identified in outcropping fertile lithium-caesium-tantalum ("LCT") pegmatites and a significant base metal in soil anomaly was identified at the Nelson VMS target.

A number of work programs were completed at Illaara including:

- **RC Drilling at Metzke's Corridor** – 24 holes for 3,513m of drilling at Metzke's Find, Longmore's Find, Black Oak, Bald Hill and Little Dove.
- **RC Drilling at Lawrence's Corridor** – 45 holes for 3,864m of drilling at 14 lithostructural-geochemical targets.
- Regional soils survey to generate and define drill targets for gold, VMS base metals and LCT pegmatites.

### Rocky Dam Gold & VMS Project ("Rocky Dam")

- In June 2021, Dreadnought entered into an agreement to divest Rocky Dam to Lycaon Resources Ltd, a pre-IPO company that is seeking to list on the ASX in the December 2021 Quarter.
- Dreadnought will receive 500,000 Lycaon shares as consideration plus a 1% net smelter royalty over all minerals extracted from Rocky Dam.
- The divestment of Rocky Dam reduces annual tenement holding costs by ~\$150,000 and allows Dreadnought to focus on advancing its core Kimberley, Mangaroon and Illaara projects.

## DIRECTORS' REPORT

### Corporate Highlights:

- Jessamyn Lyons was appointed as Company Secretary on 1 July 2020.
- In July and August 2020, the directors exercised 33,500,000 options for a total of \$217,500 taking their investment in the Company to approximately \$1.1m or approximately 18.15%.
- In August 2020, the Company completed a placement at \$0.009 per share to raise \$1,536,000 (before costs) from professional and sophisticated investors through the issue of 170,666,673 shares. The funds raised were used to test multiple high-grade gold and base metal targets at Illaara and Tarraji-Yampi in the Kimberley.
- In October 2020, the Company completed a capital raising of \$3,500,000 (before costs) from professional and sophisticated investors through the issue of 125,000,000 shares at \$0.028 per share.
- A total of 41,000,000 options were exercised in October and November 2020 with directors exercising 11,000,000 of these options for \$105,000, bringing their total investment in the Company to approximately \$1.2m. The 41,000,000 options injected \$325,000 into the Company.
- On 7 April 2021, the Company and First Quantum Minerals Ltd ("FQM") entered into an Option Agreement in respect of base metal rights over five tenements within the Mangaroon Ni-Cu-PGE & Au Project in the Gascoyne region of Western Australia ("Option"). The Option Agreement provides FQM with the right, following the completion of an exploration program funded by FQM, to earn a 51% interest in Mangaroon by spending \$15m and a further 19% interest by sole funding all expenditure up until a Decision to Mine.
- On 8 April 2021, the Company extended the maturity date of the Convertible Loan Note Deed to 1 July 2022.
- On 8 April 2021, the directors exercised 12,000,000 options for \$110,000 bringing their total investment in Dreadnought to over \$1.3 million.
- On 12 April 2021, the Company completed a capital raising of \$3,000,000 (before costs) from professional and sophisticated investors through the issue of 166,666,667 shares at \$0.018 per share.
- On 28 April 2021, the Company completed a Share Purchase Plan to raise \$500,000 at an issue price of \$0.018 per share.
- On 21 June 2021, the Company entered into an agreement to divest the Rocky Dam to Lycaon Resources Ltd ("Lycaon"), a pre-IPO company that is seeking to list on the ASX in the December 2021 quarter. Dreadnought will receive 500,000 Lycaon shares as consideration, plus a 1% net smelter return royalty over all minerals extracted from Rocky Dam.
- On 2 July 2021, the Company granted 11,500,000 options via the Dreadnought Employee Option Plan ("EOP") to the current employees of the Company. The options have a \$0.04 exercise price and an expiry date of 2 July 2024.
- On 12 July 2021, 10,000,000 ordinary fully paid shares were issued on the early exercise of options raising \$80,000.
- On 26 July 2021, the Convertible Loan Note holders elected to convert their notes into 109,090,909 fully paid ordinary shares thereby reducing debt by \$600,000 to nil. The notes were issued following approval by shareholders in August 2019 at a face value of \$600,000 with a conversion price of \$0.0055 per share.
- On 14 September 2021, the Company announced a placement at \$0.035 to institutional and sophisticated investors raising \$8,000,000 (before costs). Proceeds are to be used for building on recent successes at the Tarraji-Yampi, Mangaroon and Illaara with drilling of massive sulphides at Tarraji-Yampi to commence immediately. Directors are contributing \$158,699 via the placement (subject to shareholder approval) and exercise of options and will maintain a 15% ownership, bringing their total investment to approximately \$1.46 million.

## DIRECTORS' REPORT

### INVESTMENT HIGHLIGHTS

#### Kimberley Ni-Cu-Au Projects

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.

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

Results to date indicate that there may be a related, large scale, Proterozoic Cu-Au-Ag-Bi-Sb-Co system at Tarraji-Yampi, similar to Cloncurry / Mt Isa in Queensland and Tennant Creek in the Northern Territory.

#### Ililaara Gold, VMS & Iron Ore Project

Ililaara is located 190km northwest of Kalgoorlie in the Yilgarn Craton and covers 75kms of strike along the Ililaara Greenstone Belt. Ililaara is prospective for typical Archean mesothermal lode gold deposits, VMS base metals and critical metals including Lithium-Caesium-Tantalum.

Dreadnought has consolidated the Ililaara Greenstone Belt mainly through an acquisition from Newmont. Prior to Newmont, the Ililaara Greenstone Belt was predominantly held by iron ore explorers and remains highly prospective for iron ore.

#### Mangaroon Ni-Cu-PGE, REE & Au Project

Mangaroon is a first mover opportunity covering ~4,500sq kms of tenure located 250kms south-east of Exmouth in the Gascoyne Region of WA. During the region's early history, there was limited government support for exploration resulting in the region being vastly underexplored.

Since acquiring the project in late 2020, Dreadnought has located: outcropping high-grade gold bearing quartz veins along the Edmund and Minga Bar Faults; outcropping high tenor Ni-Cu-PGE blebby sulphides in the recently defined Money Intrusion; and outcropping high-grade REE ironstones, similar to those under development at the Yangibana REE Project.

#### Rocky Dam Gold & VMS Project ("Rocky Dam")

Rocky Dam is located 45km east of Kalgoorlie in the Eastern Goldfields Superterrane of Western Australia. Rocky Dam 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 including the recently defined CRA-North Gold Prospect.





## DIRECTORS' REPORT

### MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 2 July 2021, the Company granted 11,500,000 options via the Dreadnought Employee Option Plan to the current employees of the Company. The options have \$0.04 exercise price and expiry date of 2 July 2024.

On 12 July 2021, 10,000,000 ordinary paid shares were issued on early exercise of options raising \$80,000.

On 26 July 2021, the Company announced that 109,090,909 ordinary fully paid shares have been issued on the conversion of the 600,000 Convertible Notes on issue at the election of the Noteholders. The notes were issued following approval by shareholders in August 2019 at a face value of \$600,000 with a conversion price of \$0.0055 per share.

On 14 September 2021, the Company announced a placement at \$0.035 has raised \$8,000,000 (before costs) to institutional and sophisticated investors. Directors are contributing \$158,699 via the placement (subject to shareholder approval) and exercise of options and will maintain a 15% ownership, bringing their total investment to approximately \$1.46 million.

Other than the events detailed above, there has not arisen in the interval between 1 July 2021 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.

### FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGY

The Group is focused on delivering significant shareholder returns through the discovery of economic copper, nickel, rare earth and gold deposits in the tier one jurisdiction of Western Australia.

The Group will achieve these goals by:

- Identifying projects with significant unrealised potential.
- Focusing our technical effort and financial investment to effectively and efficiently generate and drill exciting, mineralised targets.
- Maintaining low overheads and keeping the market well informed through continuous activity and news flow.

### 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

Directors have been in office for the entire period unless otherwise stated.

**PAUL CHAPMAN** B.Comm, CA, 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 Limited, Reliance Mining Limited, Encounter Resources Limited, Rex Minerals Limited, Silver Lake Resources Limited and Avanco Resources Limited. Mr Chapman is the non-executive Chairman of ASX listed gold developer Black Cat Syndicate Limited, copper/gold explorer Encounter Resources Limited and gold explorer Sunshine Gold Limited..

### *Interests in shares and options*

309,609,513 shares.

### *Special Responsibilities*

Chairman of the Board.

### *Other current directorships*

Mr Chapman is the non-executive chairman of Black Cat Syndicate Limited (ASX:BC8) (since August 2017).  
Mr Chapman is the non-executive chairman of Encounter Resources Limited (ASX:ENR) (since October 2005).  
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### *Former directorships in the last 3 years*

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

**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.

### *Interests in shares and options*

20,710,317 shares and 33,500,000 options.

### *Other current directorships*

None.

### *Former directorships in the last 3 years*

None.

## DIRECTORS' REPORT

**IAN 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. He holds a Bachelor of Commerce degree from Curtin University (WA).

### ***Interests in shares and options***

47,603,758 shares.

### ***Other current directorships***

Mr Ian Gordon is a director of Woomera Mining Limited (ASX:WML) (since 14 October 2020)

### ***Former directorships in the last 3 years***

Mr Gordon resigned as director of ASX listed company Auteco Minerals (ASX:AUT) on 28 January 2020.

**PAUL 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 Limited 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.

### ***Interests in shares and options***

46,706,352 shares.

### ***Other current directorships***

Mr Payne is a director of Carnaby Resources Limited (ASX:CNB) (since July 2016).

Mr Payne is a director of Essential Metals Limited (ASX:ESS) (since January 2020).

### ***Former directorships in the last 3 years***

Mr Payne resigned as director of ASX listed company Auteco Minerals Limited (ASX:AUT) on 18 January 2019.

## **COMPANY SECRETARY**

**JESSAMYN LYONS** BComm, AGIA ICSA (Grad Dip Applied Corporate Governance)

Appointed 1 July 2020.

### ***Experience and expertise***

Ms Lyons is a Chartered Secretary, an Associate of the Governance Institute of Australia and holds a Bachelor of Commerce from the University of Western Australia with majors in Investment Finance, Corporate Finance and Marketing. Ms Lyons also has 15 years of experience working in the stockbroking and banking industries and has held various positions with Macquarie Bank, UBS Investment Bank (London) and more recently Patersons Securities.

**NICHOLAS DAY** BCom; MBA; FFINSIA; ASCPA

Appointed 1 July 2019, Resigned 9 July 2020.

## DIRECTORS' REPORT

### Meetings of directors

The size of the Company does not warrant separate Audit & Risk, Remuneration and Nomination Committees at this time, accordingly the full Board performs comprises these roles. The numbers of meetings of the Company's Board of Directors held during the year ended 30 June 2021, and the numbers of meetings attended by each director were as follows:

|              | Meetings of directors |   |
|--------------|-----------------------|---|
|              | A                     | B |
| Paul Chapman | 8                     | 8 |
| Dean Tuck    | 8                     | 8 |
| Ian Gordon   | 8                     | 8 |
| Paul Payne   | 8                     | 8 |

A = Number of meetings attended

B = Number of meetings held during the time the director held office 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 Group may decide to employ the auditor on assignments additional to their statutory duties where the auditors' expertise and experience with the Group are important.

The Board of directors is satisfied that the provision of any such non-audit services 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 (including Independence Standards)* 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 Company, their related practices or non-related audit firms during the year ended 30 June 2021.

## DIRECTORS' REPORT

### Shares under option

At the date of this report unissued ordinary shares of the Group under option are:

| Expiry date | Exercise price | Number of options | Vested     | Unvested   | Amount paid/payable by recipient (\$) |
|-------------|----------------|-------------------|------------|------------|---------------------------------------|
| 25/05/2023  | \$0.0060       | 20,000,000        | 20,000,000 | -          | -                                     |
| 30/06/2024  | \$0.0050       | 6,500,000         | 6,500,000  | -          | -                                     |
| 09/04/2024  | \$0.0050       | 30,000,000        | 15,000,000 | 15,000,000 | -                                     |
| 01/10/2023  | \$0.0100       | 5,500,000         | -          | 5,500,000  | -                                     |
| 30/06/2025  | \$0.0098       | 5,479,452         | 5,479,452  | -          | -                                     |
| 31/10/2023  | \$0.0200       | 1,500,000         | -          | 1,500,000  | -                                     |

Shares issued during or since year end as a result of exercise of options:

| Date granted | Exercise price | Number of shares issued | Date exercise    | Amount paid for shares (\$) |
|--------------|----------------|-------------------------|------------------|-----------------------------|
| 04/04/2019   | \$0.010        | 10,000,000              | 17 July 2020     | 100,000                     |
| 04/04/2019   | \$0.010        | 10,000,000              | 18 October 2020  | 100,000                     |
| 04/04/2019   | \$0.010        | 10,000,000              | 26 October 2020  | 100,000                     |
| 04/04/2019   | \$0.010        | 10,000,000              | 8 April 2021     | 100,000                     |
| 16/08/2019   | \$0.005        | 7,500,000               | 17 July 2020     | 37,500                      |
| 16/08/2019   | \$0.005        | 1,000,000               | 5 August 2020    | 5,000                       |
| 16/08/2019   | \$0.005        | 15,000,000              | 20 August 2020   | 75,000                      |
| 16/08/2019   | \$0.005        | 1,000,000               | 26 October 2020  | 5,000                       |
| 16/08/2019   | \$0.005        | 2,000,000               | 8 April 2021     | 10,000                      |
| 25/05/2020   | \$0.006        | 10,000,000              | 26 October 2020  | 60,000                      |
| 25/05/2020   | \$0.006        | 10,000,000              | 19 November 2020 | 60,000                      |
| 17/09/2024   | \$0.008        | 10,000,000              | 12 July 2021     | 80,000                      |
| 03/04/2024   | \$0.010        | 10,000,000              | 4 August 2021    | 100,000                     |

## DIRECTORS' REPORT

### 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
- F Relationship between remuneration and Company performance
- G Key Management Personnel Loan

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 remuneration 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 ('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 2020 Annual General Meeting*

Dreadnought Resources Limited received more than 98% of 'yes' votes on its remuneration report for the 2020 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 Gordon – Director, non-executive (since 21 December 2017)
- Mr P Payne – Director, non-executive (since 21 December 2017)

The remuneration policy of the Group has been designed to align directors' objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates. By providing components of remuneration that are indirectly linked to share price appreciation (in the form of options and/or performance rights), executive, business and shareholder objectives are aligned. The Board of Directors ("Board") believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors to run and manage the Company, as well as create goal congruence between directors and shareholders.

The remuneration policy and the relevant terms and conditions has been developed by the full Board as the Company does not have a Remuneration Committee due to the size of the Company and the Board. In determining competitive remuneration rates, the Board reviews trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes, benefit plans and share plans. Reviews are performed to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices.

The Company is an exploration entity, and therefore speculative in terms of performance. Consistent with attracting and retaining talented executives, directors and senior executives are paid market rates associated with individuals in similar positions, within the same industry.

#### **(a) Executive remuneration – Mr D Tuck (appointed 9 April 2019)**

Mr Dean Tuck, Managing Director, was employed by the Group in accordance with the terms and conditions outlined within his service agreement dated 9 April 2019. For the year ended 30 June 2021, Mr Tuck received a base salary of \$200,000 in short term remuneration (2020: \$160,000), with a further \$19,000 in post-employment superannuation contributions (2020: \$12,000). Both parties may terminate the employment agreement by giving notice of termination to each other on not less than one (1) months' notice in writing.

On 16 August 2019, the Group granted the Managing Director 10,500,000 unlisted incentive options exercisable at \$0.005 on or before 30 June 2024 vesting immediately, with a fair value of \$51,331. 4,000,000 of these options were exercised during the year.

In August 2019, the Company also granted the Managing Director 30,000,000 unlisted incentive options exercisable at \$0.005 on or before 9 April 2021 with a fair value of \$177,184. Both tranches of incentive options were granted in order to align the long term interests of the Managing Director to that of the Group (together hereafter referred to as the 'long term incentive options').

## DIRECTORS' REPORT

### Remuneration report – audited (continued)

#### (a) Executive remuneration – Mr D Tuck (continued)

As per the Group's Notice of Meeting dated 22 November 2019, it was identified that the issue of the above 30,000,000 unlisted incentive options should have been for a 5-year term rather than for the 2-year term granted. At the General Meeting held 23 December 2019, it was approved to cancel these incentive options and issue the Managing Director with new incentive Options.

Due to an administrative oversight, the previous long term incentive options vested immediately when they were granted to the Managing Director and the total expense associated with these incentive options of \$177,184 was recognised at 30 June 2020. On 23 December 2019, the Board has approved the revised long term incentive option plan whereby his ability to exercise the 40,500,000 long term incentive options would be subject to the following conditions:

##### *10,500,000 unlisted incentive options*

- Vest immediately and may be exercised after grant date
- The options expire on 30 June 2024

##### *30,000,000 unlisted incentive options*

- 25% may be exercised on or after 30 June 2020
- A further 25% may be exercised on or after 30 June 2021
- A further 25% may be exercised on or after 30 June 2022
- The remaining 25% may be exercised on or after 30 June 2023
- The options expire on 9 April 2024

#### (b) Non-Executive remuneration

The agreements in place with the non-executive chairman, Paul Chapman and the non-executive directors, Ian Gordon and Paul Payne are summarised below:

- Term of agreement is renewed annually
- Fee of \$3,000 per month (plus minimum statutory superannuation entitlements)
- No payment of termination benefits
- Annual election in writing to take base fee in options under the Company's Incentive Option Plan

During the year ended 30 June 2021, the Chairman, Paul Chapman elected to receive 5,479,452 options in lieu of a cash payment of \$36,000 in fees and other employee expenses.



## DIRECTORS' REPORT

Remuneration report – audited (continued)

### Details of key management personnel remuneration

| 2021      | Short-Term  |            |              |                      | Post-employment |                     |                      | Long-term       | Share-based payments | TOTAL   | Total performance related | Options as % of total |
|-----------|-------------|------------|--------------|----------------------|-----------------|---------------------|----------------------|-----------------|----------------------|---------|---------------------------|-----------------------|
|           | Salary fees | Cash bonus | Non-monetary | Accrued annual leave | Super-annuation | Retirement benefits | Termination benefits | Incentive plans | Options              |         |                           |                       |
|           | \$          | \$         | \$           | \$                   | \$              | \$                  | \$                   | \$              | \$                   | \$      | %                         | %                     |
| D Tuck    | 200,000     | -          | -            | 23,167               | 19,000          | -                   | -                    | -               | -                    | 242,167 | -                         | -                     |
| P Chapman | -           | -          | -            | -                    | -               | -                   | -                    | -               | 114,182              | 114,182 | -                         | 100%                  |
| I Gordon  | 36,000      | -          | -            | -                    | 3,420           | -                   | -                    | -               | -                    | 39,420  | -                         | -                     |
| P Payne   | 36,000      | -          | -            | -                    | 3,420           | -                   | -                    | -               | -                    | 39,420  | -                         | -                     |
| N Day**   | 3,992       | -          | -            | -                    | -               | -                   | -                    | -               | -                    | 3,992   | -                         | -                     |
| Total     | 275,992     | -          | -            | 23,167               | 25,840          | -                   | -                    | -               | 114,182              | 439,181 | -                         | -                     |

| 2020       | Short-Term  |            |              |       | Post-employment |                     |                      | Long-term       | Share-based payments | TOTAL   | Total performance related | Options as % of total |
|------------|-------------|------------|--------------|-------|-----------------|---------------------|----------------------|-----------------|----------------------|---------|---------------------------|-----------------------|
|            | Salary fees | Cash bonus | Non-monetary | Other | Super-annuation | Retirement benefits | Termination benefits | Incentive plans | Options              |         |                           |                       |
|            | \$          | \$         | \$           | \$    | \$              | \$                  | \$                   | \$              | \$                   | \$      | %                         | %                     |
| D Tuck     | 160,000     | -          | -            | -     | 12,000          | -                   | -                    | -               | 228,515              | 400,515 | -                         | 57%                   |
| P Chapman  | -           | -          | -            | -     | -               | -                   | -                    | -               | 36,627               | 36,627  | -                         | 100%                  |
| D Chapman* | -           | -          | -            | -     | -               | -                   | -                    | -               | -                    | -       | -                         | -                     |
| I Gordon   | -           | -          | -            | -     | -               | -                   | -                    | -               | 36,627               | 36,627  | -                         | 100%                  |
| P Payne    | -           | -          | -            | -     | -               | -                   | -                    | -               | 36,627               | 36,627  | -                         | 100%                  |
| N Day**    | 80,500      | -          | -            | -     | -               | -                   | -                    | -               | -                    | 80,500  | -                         | -                     |
| K Smith*** | 11,213      | -          | -            | -     | -               | -                   | -                    | -               | -                    | 11,213  | -                         | -                     |
| Total      | 251,713     | -          | -            | -     | 12,000          | -                   | -                    | -               | 338,396              | 602,109 | -                         | -                     |

\*Resigned on 31 July 2019.

\*\*Appointed on 31 July 2019; Resigned on 9 July 2020. Mr Day was engaged under a service contract with 133 North Trust to act as Company Secretary and provide accounting and financial reporting services. Of the total invoiced amount to the Group of \$80,500, \$16,718 relates to payments to contractors engaged by 133 North Trust.

\*\*\*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.

## DIRECTORS' REPORT

### Remuneration report – audited (continued)

#### **C Share-based compensation**

##### ***Employee Incentive Options Plan***

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.

##### ***Options granted as remuneration***

Incentive options were granted to directors and key management personnel of the Company during the year. The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

| Name      | Number of options granted | Grant date       | Vesting date and exercisable date | Expiry Date  | Exercise Price | Fair value per option at grant date <sup>1</sup> |
|-----------|---------------------------|------------------|-----------------------------------|--------------|----------------|--|
| P Chapman | 5,479,452                 | 30 November 2020 | Vest immediately                  | 30 June 2025 | \$0.0098       | \$0.0208   |

<sup>1</sup> A term of Paul Chapman's appointment as a director of the Company is that he is entitled to \$36,000 plus superannuation in fees for the year ending 30 June 2021. Paul Chapman has elected to receive his remuneration for the financial year ending 30 June 2021 by way of an issue of options. The Board resolved to grant 5,479,452 options to Paul Chapman under the Company's Incentive Option Plan on 1 July 2020, subject to obtaining shareholder approval. Shareholder approval was obtained on 30 November 2020. The options have a fair value of \$36,000 on 1 July 2020 and a fair value of \$114,182 on grant date of 30 November 2020 when shareholder approval was obtained.

Options granted carry no dividend or voting rights.

All options were granted over unissued fully paid ordinary shares in the Company. Options vest based on the provision of service over the vesting period whereby the executive becomes beneficially entitled to the option on vesting date. Options are exercisable by the holder as from the vesting date. There has not been any alteration to the terms or conditions of the grant since the grant date. There are no amounts paid or payable by the recipient in relation to the granting of such options other than on their potential exercise.

##### ***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' REPORT

### Remuneration report – audited (continued)

#### Directors' interests in shares and options

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

#### Options

The number of options 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 | Options exercised   | Net change other    | Balance at year end | Total vested 30/06/21 | Total exercisable 30/06/21 |
|---------------------------------|------------------------------|---|---------------------|---------------------|---------------------|-----------------------|----------------------------|
| <b>30 June 2021</b>             |                              |   |                     |                     |                     |                       |                            |
| <b>Directors</b>                |                              |   |                     |                     |                     |                       |                            |
| P Chapman                       | 37,500,000                   | 5,479,452                               | (37,500,000)        | -                   | 5,479,452           | 5,479,452             | 5,479,452                  |
| I Gordon                        | 7,500,000                    | -                                       | (7,500,000)         | -                   | -                   | -                     | -                          |
| P Payne                         | 7,500,000                    | -                                       | (7,500,000)         | -                   | -                   | -                     | -                          |
| D Tuck                          | 40,500,000                   | -                                       | (4,000,000)         | -                   | 36,500,000          | 21,500,000            | 21,500,000                 |
|                                 | <u>93,000,000</u>            | <u>5,479,452</u>                        | <u>(56,500,000)</u> | <u>-</u>            | <u>41,979,452</u>   | <u>26,979,452</u>     | <u>26,979,452</u>          |
| <b>Former Company Secretary</b> |                              |   |                     |                     |                     |                       |                            |
| N Day*                          | 10,000,000                   | -                                       | -                   | (10,000,000)        | -                   | -                     | -                          |
|                                 | <u>10,000,000</u>            | <u>-</u>                                | <u>-</u>            | <u>(10,000,000)</u> | <u>-</u>            | <u>-</u>              | <u>-</u>                   |

\*resigned on 15 July 2020

#### D Shareholdings

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

|                                 | Balance at beginning of year | Participation in Share Purchase Plan during the year | Issued on exercise of options during the year | Other changes during the year | Balance at end of year |
|---------------------------------|------------------------------|--|---|-------------------------------|------------------------|
| <b>30 June 2021</b>             |                              |  |   |                               |                        |
| <b>Directors</b>                |                              |  |   |                               |                        |
| P Chapman                       | 266,630,061                  | -  | 37,500,000                                    | -                             | 304,130,061            |
| D Tuck                          | 13,710,317                   | -  | 4,000,000                                     | -                             | 17,710,317             |
| I Gordon                        | 39,825,981                   | 277,777  | 7,500,000                                     | -                             | 47,603,758             |
| P Payne                         | 38,928,575                   | 277,777  | 7,500,000                                     | -                             | 46,706,352             |
|                                 | <u>359,094,934</u>           | <u>555,554</u>                                       | <u>56,500,000</u>                             | <u>-</u>                      | <u>416,150,488</u>     |
| <b>Former Company Secretary</b> |                              |  |   |                               |                        |
| N Day*                          | 65,603,889                   | -  | -   | (65,603,889)                  | -                      |
|                                 | <u>65,603,889</u>            | <u>-</u>   | <u>-</u>                                      | <u>(65,603,889)</u>           | <u>-</u>               |

\*resigned on 15 July 2020

## DIRECTORS' REPORT

### D Shareholdings (Continued)

#### Other transactions with key management personnel and their related parties

Transactions with key management personnel and their related parties recognised during the year (excluding reimbursement of expenses incurred on behalf of the Company) relating to directors and their director related entities were as follows:

| Director  | Transaction  | Consolidated |        |
|-----------|--|--------------|--------|
|           |  | 2021         | 2020   |
|           |  | \$           | \$     |
| D Gordon  | Payments to a former director related entity for company secretary and accounting services (ie Adelaide Equity Partners Limited) | -            | 11,213 |
| P Chapman | Payments to a director related entity for office rental (ie Stone Poneys Nominees Pty Ltd atf Chapman Superannuation Fund)       | 11,627       | -      |

No amounts were owing to related parties as at 30 June 2021 (2020: nil).

### E Use of Remuneration Consultants

The Board seeks external remuneration advice as required. No such advice was obtained during the financial year ending 30 June 2021.

### F Relationship between remuneration and Company performance

Remuneration for certain individuals is directly linked to the performance of the Group. Details of the earnings and total shareholders return for the last five years.

|                         | 2021        | 2020        | 2019      | 2018      | 2017      |
|-------------------------|-------------|-------------|-----------|-----------|-----------|
|                         | \$          | \$          | \$        | \$        | \$        |
| Operating revenue       | 186,553     | 72,163      | 3,474     | 3,993     | 3,892     |
| Net profit/(loss)       | (1,277,865) | (1,215,539) | (688,822) | (324,155) | (382,120) |
| Share price at year end | 0.024       | 0.0060      | 0.0040    | 0.0050    | 0.0030    |

### G Key Management Personnel Loan

There were no loans issued to Key Management Personnel during the financial year (2020: Nil).

**Remuneration report ends.**

## DIRECTORS' REPORT

### **Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

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



**Dean Tuck**  
**Managing Director**

**Dated 29 September 2021**

To the Board of Directors of Dreadnought Resources Limited

**Auditor's Independence Declaration under section 307C of the *Corporations Act 2001***

As lead audit director for the audit of the financial statements of Dreadnought Resources Limited for the financial year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

Yours sincerely



**Nexia Perth Audit Services Pty Ltd**



**M. Janse Van Nieuwenhuizen**

Director

Perth

29 September 2021

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2021

| Consolidated  |      |                    |                    |
|---|------|--------------------|--------------------|
|   | Note | 30 June 2021<br>\$ | 30 June 2020<br>\$ |
| Other income  | 2    | 104,035            | 2,543              |
| Grant income  |      | 82,500             | 69,620             |
| Administration expenses   | 3    | (669,158)          | (669,115)          |
| Finance expense   | 3    | (76,477)           | (78,467)           |
| Exploration expenditure   |      | (78,968)           | (10,429)           |
| Legal fees  |      | (20,191)           | (62,182)           |
| Impairment of exploration expenditure                             | 9    | (315,169)          | (27,928)           |
| Net gain on deregistration of subsidiaries                        |      | -                  | 10,027             |
| Director and employee benefits expense                            | 3    | (304,437)          | (449,608)          |
| <b>Loss from continuing operations before income tax</b>          |      | <b>(1,277,865)</b> | <b>(1,215,539)</b> |
| Income tax benefit  | 4    | -                  | -                  |
| <b>Loss from continuing operations before income tax</b>          |      | <b>(1,277,865)</b> | <b>(1,215,539)</b> |
| <b>Other comprehensive loss, net of income tax</b>                |      |                    |                    |
| Equity instruments at fair value through other comprehensive loss |      | -                  | -                  |
| <b>Total comprehensive loss for the year</b>                      |      | <b>(1,277,865)</b> | <b>(1,215,539)</b> |

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

|                                | Note | Cents  |        |
|--------------------------------|------|--------|--------|
| <b>Cents</b>                   |      |        |        |
| Basic loss per share (cents)   | 14   | (0.06) | (0.07) |
| Diluted loss per share (cents) | 14   | (0.06) | (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 2021

|                                      |      | Consolidated      |              |
|--------------------------------------|------|-------------------|--------------|
|                                      | Note | 30 June 2021      | 30 June 2020 |
|                                      |      | \$                | \$           |
| <b>ASSETS</b>                        |      |                   |              |
| <b>Current Assets</b>                |      |                   |              |
| Cash and cash equivalents            | 6    | 2,645,136         | 464,099      |
| Trade and other receivables          | 7    | 157,172           | 51,393       |
| Other assets                         | 8    | 334,613           | 47,027       |
| Exploration asset held for sale      | 9    | 100,000           | -            |
| <b>Total Current Assets</b>          |      | <b>3,236,921</b>  | 562,519      |
| <b>Non-Current Assets</b>            |      |                   |              |
| Exploration assets                   | 9    | 10,371,428        | 5,104,501    |
| <b>Total Non-Current Assets</b>      |      | <b>10,371,428</b> | 5,104,501    |
| <b>Total Assets</b>                  |      | <b>13,608,349</b> | 5,667,020    |
| <b>LIABILITIES</b>                   |      |                   |              |
| <b>Current Liabilities</b>           |      |                   |              |
| Trade and other payables             | 10   | 807,641           | 468,158      |
| Provisions                           |      | 62,986            | 23,663       |
| Other financial liabilities          | 11   | -                 | 578,947      |
| <b>Total Current Liabilities</b>     |      | <b>870,627</b>    | 1,070,768    |
| <b>Non-Current Liabilities</b>       |      |                   |              |
| Other financial liabilities          | 11   | 578,947           | -            |
| <b>Total Non-Current Liabilities</b> |      | <b>578,947</b>    | -            |
| <b>Total Liabilities</b>             |      | <b>1,449,574</b>  | 1,070,768    |
| <b>Net Assets</b>                    |      | <b>12,158,775</b> | 4,596,252    |
| <b>EQUITY</b>                        |      |                   |              |
| Issued capital                       | 12   | 52,030,339        | 43,389,962   |
| Reserves                             | 13   | 904,031           | 704,020      |
| Accumulated losses                   |      | (40,775,595)      | (39,497,730) |
| <b>Total Equity</b>                  |      | <b>12,158,775</b> | 4,596,252    |

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 2021

|   | Attributable to shareholders<br>Dreadnought Resources Limited |                       |                   |                    |                    |
|---|---|-----------------------|-------------------|--------------------|--------------------|
|   | Issued<br>Capital   | Accumulated<br>Losses | Equity<br>Reserve | Options<br>Reserve | Total              |
|   |   |                       |                   | \$                 |                    |
|   | \$  | \$                    | \$                |                    | \$                 |
| Balance at 1 July 2019                                      | 40,263,315  | (38,282,191)          | 39,520            | 35,000             | 2,055,644          |
| Loss for year   | -   | (1,215,539)           | -                 | -                  | (1,215,539)        |
| Other comprehensive loss                                    | -   | -                     | -                 | -                  | -                  |
| <b>Total comprehensive loss for the year</b>                | -   | <b>(1,215,539)</b>    | -                 | -                  | <b>(1,215,539)</b> |
| <b>Transactions with owners in their capacity as owners</b> |   |                       |                   |                    |                    |
| Share issues, net of transaction costs and tax              | 3,126,647   | -                     | -                 | -                  | 3,126,647          |
| Option issues, net of transaction costs and tax             | -   | -                     | -                 | 629,500            | 629,500            |
| <b>Balance at 30 June 2020</b>                              | <b>43,389,962</b>   | <b>(39,497,730)</b>   | <b>39,520</b>     | <b>664,500</b>     | <b>4,596,252</b>   |
| <b>Balance at 1 July 2020</b>                               | <b>43,389,962</b>   | <b>(39,497,730)</b>   | <b>39,520</b>     | <b>664,500</b>     | <b>4,596,252</b>   |
| Loss for year   | -   | (1,277,865)           | -                 | -                  | (1,277,865)        |
| Other comprehensive loss                                    | -   | -                     | -                 | -                  | -                  |
| <b>Total comprehensive loss for the year</b>                | -   | <b>(1,277,865)</b>    | -                 | -                  | <b>(1,277,865)</b> |
| <b>Transactions with owners in their capacity as owners</b> |   |                       |                   |                    |                    |
| Share issues, net of transaction costs (Note 12)            | 7,987,877   | -                     | -                 | -                  | 7,987,877          |
| Exercise of options (Note 12)                               | 652,500   | -                     | -                 | -                  | 652,500            |
| Equity component of the convertible notes                   | -   | -                     | 16,199            | -                  | 16,199             |
| Option issues, net of transaction costs and tax (Note 13)   | -   | -                     | -                 | 183,812            | 183,812            |
| <b>Balance at 30 June 2021</b>                              | <b>52,030,339</b>   | <b>(40,775,595)</b>   | <b>55,719</b>     | <b>848,312</b>     | <b>12,158,775</b>  |

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 2021

|   |      | Consolidated            |                       |
|---|------|-------------------------|-----------------------|
|   |      | 30 June 2021            | 30 June 2020          |
|   | Note | \$                      | \$                    |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>              |      |                         |                       |
| Payments to suppliers and employees                       |      | (501,086)               | (555,160)             |
| Interest received   |      | 4,035                   | 2,544                 |
| Interest and other costs of finance paid                  |      | (60,278)                | (60,000)              |
| Government grants   |      | 100,973                 | 69,620                |
| Net cash used in operating activities                     | 23   | <u>(456,356)</u>        | <u>(542,996)</u>      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>              |      |                         |                       |
| Payments for exploration assets                           |      | (6,002,235)             | (2,549,285)           |
| Payment for property, plant and equipment                 |      | (749)                   | -                     |
| Net cash used in investing activities                     |      | <u>(6,002,984)</u>      | <u>(2,549,285)</u>    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>              |      |                         |                       |
| Proceeds from issue of shares                             |      | 8,535,998               | 3,115,895             |
| Capital raising costs                                     |      | (548,121)               | (207,481)             |
| Exercise of options                                       |      | 652,500                 | -                     |
| Net cash provided by financing activities                 |      | <u>8,640,377</u>        | <u>2,908,414</u>      |
| Net increase/(decrease) in cash and cash equivalents held |      | 2,181,037               | (183,867)             |
| Cash and cash equivalents at beginning of year            |      | 464,099                 | 647,966               |
| Cash and cash equivalents at end of financial year        |      | <u><u>2,645,136</u></u> | <u><u>464,099</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 2021**

## **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).

#### **(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 financial assets through other comprehensive income.

#### **(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 Group.

### **(b) 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 2021, the Consolidated Group had net assets of \$12,158,775 (2020: \$4,596,252) and a working capital surplus of \$2,366,294 (2020: working capital deficit of \$508,249). Included in non-current liabilities as at 30 June 2021 are Convertible Notes of \$578,947 which have been fully converted into ordinary shares subsequent to year end. In addition, during the financial year, the Consolidated Group had cash outflows from operating activities of \$456,356 (2020: \$542,996) and cash outflows from investing activities (including payments for exploration) of \$6,002,984 (2020: 2,549,285).

On 14 September 2021, the Company announced a placement at \$0.035 to institutional and sophisticated investors raising \$8,000,000 (before costs). The Group's cash flow forecast out to 30 September 2022 indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12-month period from the date of signing this financial report.

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

- developed a business plan that provides encouragement for investors to invest; and
- continued their focus on maintaining an appropriate level of corporate overheads and projects spending in line with the Group's available cash resources.

Based on the cash flow forecasts, the directors are satisfied that the going concern basis of preparation is appropriate. In determining the appropriateness of the basis of preparation, the Directors have considered the impact of the COVID-19 pandemic on the position of the Group at 30 June 2021 and its operations in future periods.

## **Notes to the Consolidated Financial Statements**

**For the Year Ended 30 June 2021**

### **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. 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.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss. 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 joint arrangements**

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required. Separate joint venture entities providing joint ventures with an interest to net assets are classified as a joint venture and accounted for using the equity method.

Joint operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Group's interests in assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the consolidated financial statements. Gains and losses resulting from sales to a joint operation are recognised to the extent of the other parties' interests. When the Group makes purchases from a joint operation, it does not recognise its share of the gains and losses from the joint arrangement until it resells those goods/assets to a third party.

#### **(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 2021

### 1 Summary of Significant Accounting Policies (continued)

#### (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 2021

### 1 Summary of Significant Accounting Policies (continued)

#### (g) Leases

##### The Group as lessee

At inception of a contract, the Group assesses if the contract contains a lease or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (i.e. a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

#### (h) Revenue and other income (including government grants)

Revenue is recognised when or as the Group transfers control of goods or services to a customer at the amount to which the Group expected to be entitled. If the consideration promised includes a variable amount, the Group estimates the amount of consideration to which it will be entitled.

Revenue is measured at the transaction price received or receivable (which excludes estimates of variable consideration) allocated to the performance obligation satisfied and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT, GST and other sales related taxes. Where the expected period between transfer of a promised service and payment from the customer is one year or less no adjustment for a financing component is made.

Revenue arising from the provision of services is recognised when and to the extent that the customer simultaneously receives and consumes the benefits of the Group's performance or the Group does not create an asset with an alternative use but has an enforceable right to payment for performance completed to date.

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue is recognised when it is received or when the right to receive payment is established. Government assistance revenue is recognised when it is received or when the right to receive payment is established.

# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

## 1 Summary of Significant Accounting Policies (continued)

### (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%. Where the asset qualifies for the ATO instant write-off deduction, it is written off in the statement of profit or loss and other comprehensive income.

### (k) Financial instruments

#### *Classification and Measurement*

Under AASB 9, the Group 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').

# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

## 1 Summary of Significant Accounting Policies (continued)

### (k) Financial instruments (continued)

The 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.

#### *Impairment*

The Group applies the AASB 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

Where applicable, in measuring the expected credit losses, the trade receivables are assessed on a collective basis as they possess shared credit risk characteristics. They are grouped based on the days past due.

The expected loss rates are based on the historic payment profile for as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding.

Trade receivables are written off when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the invoice date and failure to engage with the Group on alternative payment arrangement amongst others is considered indicators of no reasonable expectation of recovery.

#### *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.



# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

## 1 Summary of Significant Accounting Policies (continued)

### (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 twelve 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.

### (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 months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries and non-monetary benefits. 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 long service leave are included in other long term benefits as they are not expected to be settled wholly within twelve 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. 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.

# **Notes to the Consolidated Financial Statements**

**For the Year Ended 30 June 2021**

## **1 Summary of Significant Accounting Policies (continued)**

### **(o) Loss per share**

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

Basic loss 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**

Equity-settled and cash-settled share-based compensation benefits are provided to employees and non-employees. 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 Black Scholes 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.

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.

If the Group modifies the terms or conditions of the equity instruments granted in a manner that reduces the total fair value of the share-based payment arrangement, or is not otherwise beneficial to the employee, the Group shall nevertheless continue to account for the services received as consideration for the equity instruments granted as if that modification had not occurred. In addition, the Group recognises the effect of modifications that increase the total fair value of the share-based payment arrangement or are otherwise beneficial to the employee.

### **(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 impaired 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.

# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

## 1 Summary of Significant Accounting Policies (continued)

### (s) Reserves

FVOCI reserves represent financial assets at fair value through other comprehensive income reserve. The reserve records fair value change of equity instruments. The equity reserve represents the equity component (conversion rights) on the issue of unsecured convertible notes.

### (t) Key estimates and judgments

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 as noted in note 1(l). 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(r). 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.

#### (iii) Compound financial instrument

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 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.

#### (iv) Estimation of tax losses carried forward

Potential future income tax benefits attributable to gross tax losses of \$34,722,472 (2020: \$27,992,307) carried forward have not been brought to account at 30 June 2021 because the directors do not believe it is appropriate to regard realisation of the future tax benefit as probable. These benefits will only be obtained if:

- a. the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the losses and deductions to be released;
- b. the Group continues to comply with the conditions for deductibility imposed by the law; and
- c. no changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the losses.

Tax losses carried forward have no expiry date.

# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

## 1 Summary of Significant Accounting Policies (continued)

### (u) Joint control

The Group's accounting policy for Joint Arrangements is set out in Note 1(d). AASB 11 Joint Arrangements requires an investor to have contractually agreed the sharing of control when making decisions about the relevant activities (in other words requiring the unanimous consent of the parties sharing control). However, what these activities are is a matter of judgement. As at the reporting date 30 June 2021, the Group does not have any Joint Arrangements as defined in this policy. While there are agreements in place with other parties (for the Group's 80% interest in certain tenements which form part of its Tarraji-Yampi project), there is no joint control over decisions about relevant activities required to progress these projects. For the Tarraji-Yampi project, it is the view of the Group that it controls this project through its 80% interest.

### (v) Financial report

The financial report was authorised for issue on 29 September 2021 by the Board of Directors.

### (w) Adoption of new and revised accounting standards and interpretations

In the year ended 30 June 2021, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting periods beginning on or after 1 July 2021. As a result of this review, the directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no material change is necessary to the Group's accounting policies.

### (x) New accounting standards and interpretations that are not yet mandatory

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to AASB 101 clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

The Group is currently assessing the impact of new accounting standards and amendments. The Group does not believe that the amendments to AASB 101 will have a significant impact on the classification of its liabilities.

## Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

### 2 Other Income

|                               | Consolidated   |              |
|-------------------------------|----------------|--------------|
|                               | 30 June 2021   | 30 June 2020 |
|                               | \$             | \$           |
| Option fee income (Note 9(v)) | 100,000        | -            |
| Interest received             | 4,035          | 2,543        |
|                               | <b>104,035</b> | <b>2,543</b> |

### 3 Expenses

#### Administration expenses

|                                |                |                |
|--------------------------------|----------------|----------------|
| Compliance and regulatory      | 119,764        | 113,501        |
| Computer expenses              | 47,834         | 23,750         |
| Consulting fees (a)            | 243,290        | 382,145        |
| Insurance                      | 33,665         | 26,822         |
| Seminar/conference             | 36,389         | 5,831          |
| Share registry                 | 55,375         | 84,246         |
| Travel and accommodation       | 16,154         | 4,009          |
| Marketing / Investor Relations | 34,000         | -              |
| Other                          | 82,687         | 28,811         |
|                                | <b>669,158</b> | <b>669,115</b> |

#### (a) Consulting fees

|                                     |                |                |
|-------------------------------------|----------------|----------------|
| Accounting and secretarial services | 196,787        | 120,715        |
| Tenement related                    | 46,503         | 59,106         |
| Corporate consulting fees           | -              | 202,324        |
|                                     | <b>243,290</b> | <b>382,145</b> |

#### Director and employee benefit expenses

|  |                |                |
|--|----------------|----------------|
| Non-executive director fees                              | 66,049         | -              |
| Wages and salaries not capitalised as exploration assets | -              | 29,083         |
| Share-based payment (Note 13 and 24)                     |                |                |
| - Directors  | 114,182        | 338,396        |
| - Employees  | 69,630         | 58,780         |
| Superannuation   | 6,533          | 2,763          |
| Other employee benefit                                   | 48,043         | 20,586         |
|  | <b>304,437</b> | <b>449,608</b> |

Salaries and wages recharged to Exploration Assets during the year was \$641,709 (2020: \$360,265).

#### Finance expense

Of the total balance, \$60,000 (2020: \$60,000) relates to payment on the convertible loan note interest which were cash in nature. The remaining relates to interest accrued on the convertible loan note of \$16,199 (2020: \$18,467) and \$278 (2020: nil) on interest on insurance premium funding.

## Notes to the Consolidated Financial Statements

### For the Year Ended 30 June 2021

#### 4 Income Tax Expense

##### Income tax expense/(benefit)

|                                     | 2021<br>\$ | 2020<br>\$ |
|-------------------------------------|------------|------------|
| Current tax                         | -          | -          |
| Deferred tax                        | -          | -          |
| <b>Income tax expense/(benefit)</b> | <b>-</b>   | <b>-</b>   |

##### Consolidated 30 June 2021 30 June 2020 \$ \$

##### Reconciliation of income tax to accounting loss:

|   |             |             |
|---|-------------|-------------|
| Prima facie loss from ordinary activities   | (1,277,865) | (1,215,539) |
| Tax at the Australian tax rate of   | 26%         | 27.5%       |
| Prima facie tax expenses/(income) on ordinary activities  | (332,245)   | (334,273)   |
| Add:  |             |             |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income:                 |             |             |
| Non assessable income   | (9,750)     | (17,188)    |
| Other non allowable items   | 570         | 379         |
| Share-based payments  | 47,791      | 109,224     |
| Impairment of exploration assets  | -           | -           |
| JMEI forgone tax losses   | -           | 550,000     |
| Tax effect of temporary differences not brought to account as they do not meet the recognition criteria | 293,634     | (308,142)   |
|   | -           | -           |

## Notes to the Consolidated Financial Statements

### For the Year Ended 30 June 2021

#### 4 Income Tax Expense (continued)

|   | Consolidated |             |
|---|--------------|-------------|
|   | 2021         | 2020        |
|   | \$           | \$          |
| <b>Deferred Income Tax</b>  |              |             |
| Deferred income tax at 30 June relates to the following                   |              |             |
| <i>Deferred tax liabilities</i>   |              |             |
| Prepayments   | (66,865)     | (7,340)     |
| Exploration assets  | (2,603,803)  | (1,376,979) |
| <i>Deferred tax assets</i>  |              |             |
| Accruals  | 9,201        | 12,641      |
| Provision for employee entitlements                                       | 16,376       | 6,507       |
| Section 40-880 expenditure  | 223,035      | 84,110      |
| Revenue tax losses  | 9,027,843    | 7,703,729   |
| Capital losses  | 441,304      | 466,764     |
| Deferred tax assets not brought to account as realisation is not probable | (7,047,091)  | (6,889,432) |
| Deferred tax assets   | -            | -           |

A deferred tax liability of \$nil (2020: \$45,168) was recognised in equity during the financial year.

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 is part of a tax consolidated group in accordance with the tax consolidation legislation. The Group has unrecognised assessed gross tax losses of \$34,722,472 (2020: \$27,992,307) 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 – 26%;

Tax losses – 26%.

The Group has JMEI credits available from the Australian Taxation Office of \$750,000 in respect of the year ending 30 June 2022 (2021: \$600,000). 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 2022 year is the lesser of the following:

- (a) 2022 greenfield exploration expenditure x 26% tax rate;
- (b) 2022 tax loss x 26% tax rate; or
- (c) JMEI credits of \$750,000.

## Notes to the Consolidated Financial Statements

### For the Year Ended 30 June 2021

#### 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. The principal products and services of this operating segment are the mining and exploration operations predominately in Western Australia.

#### 6 Cash and cash equivalents

|                          | Consolidated     |                |
|--------------------------|------------------|----------------|
|                          | 30 June 2021     | 30 June 2020   |
|                          | \$               | \$             |
| Cash at bank and in hand | 2,645,136        | 464,099        |
|                          | <b>2,645,136</b> | <b>464,099</b> |

#### 7 Trade and other receivables

|  | Consolidated   |               |
|--|----------------|---------------|
|  | 30 June 2021   | 30 June 2020  |
|  | \$             | \$            |
| CURRENT  |                |               |
| Receivable for option fee                        | 110,000        | -             |
| GST receivable                                   | 46,163         | 32,930        |
| Other receivables                                | 1,009          | 18,463        |
| <b>Total current trade and other receivables</b> | <b>157,172</b> | <b>51,393</b> |

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 2021 there were no material trade and other receivables that were considered to be past due or impaired (2020: Nil) and therefore there no expected loss credit provision required.

#### 8 Other assets

|                           | Consolidated   |               |
|---------------------------|----------------|---------------|
|                           | 30 June 2021   | 30 June 2020  |
|                           | \$             | \$            |
| CURRENT                   |                |               |
| Prepayments               | 334,613        | 47,027        |
| <b>Total other assets</b> | <b>334,613</b> | <b>47,027</b> |



## **Notes to the Consolidated Financial Statements**

### **For the Year Ended 30 June 2021**

#### **9 Exploration and evaluation assets**

|                                     | <b>Consolidated</b> |                     |
|-------------------------------------|---------------------|---------------------|
|                                     | <b>30 June 2021</b> | <b>30 June 2020</b> |
|                                     | <b>\$</b>           | <b>\$</b>           |
| <b>CURRENT</b>                      |                     |                     |
| Exploration asset held for sale (i) | 100,000             | -                   |
|                                     | <b>100,000</b>      | <b>-</b>            |

- (i) On 19 June 2021, the Group entered into a binding Terms Sheet to sell its Rocky Dam Gold Project to Lycaon Resources Limited, a pre-IPO company that is seeking to list on the ASX in the December 2021 Quarter. The Company will receive 500,000 Lycaon shares at a deemed issue price of \$0.20 per share as consideration plus a 1% net smelter royalty over the all minerals extracted from Rocky Dam.

|                                  | <b>30 June 2021</b> | <b>30 June 2020</b> |
|----------------------------------|---------------------|---------------------|
|                                  | <b>\$</b>           | <b>\$</b>           |
| <b>NON-CURRENT</b>               |                     |                     |
| Exploration and evaluation asset | 10,371,428          | 5,104,501           |
|                                  | <b>10,371,428</b>   | <b>5,104,501</b>    |

|                                |                   |
|--------------------------------|-------------------|
| Balance at 1 July 2019         | 2,130,136         |
| Impairment                     | (27,928)          |
| Expenditure incurred           | 2,722,293         |
| Cash acquisition (ii)          | 100,000           |
| Equity based acquisition (iii) | 180,000           |
| Balance at 30 June 2020        | <b>5,104,501</b>  |
| Balance at 1 July 2020         | 5,104,501         |
| Impairment (iv)                | (315,169)         |
| Expenditure incurred           | 5,582,096         |
| Balance at 30 June 2021        | <b>10,371,428</b> |

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.

- (ii) The Company signed an agreement with Melville Raymond Dalla-Costa ("Dalla-Costa"), granting the Company an exclusive license and option to acquire 100% interest in tenement E30/485 and E29/965. The Company paid Initial Option Fees of \$100,000 on 12 December 2019. The option term may be extended for an additional fifteen (15) months by the Company given an extension notice to Dalla-Costa and paying the option extension fee no less than 30 days prior to the expiry of the Option term. Upon the Company giving an exercise notice, Dalla-Costa agrees to sell and the Company agrees to purchase the tenement free from all encumbrances in consideration for \$1 million.
- (iii) During the 2019/2020 year, the Group purchased Metzke's Find and the Wombarella Project. The fair value of the total consideration paid was \$180,000 (30,500,000 fully paid ordinary shares) based on the fair value of the shares issued to vendor. The purchase consideration comprised 16,000,000 @ \$0.005 (\$80,000) and 14,500,000 @ \$0.007 (\$100,000) for Metzke's Find and Wombarella Project respectively.
- (iv) The impairment of the exploration assets in 2020/2021 relates to the impairment within the Rocky Dam project as disclosed in (i) above.

## **Notes to the Consolidated Financial Statements**

### **For the Year Ended 30 June 2021**

#### **9 Exploration and evaluation assets (continued)**

- (v) On 1 April 2021, Dreadnought and First Quantum Minerals Ltd. (TSE:FM) ("FQM") entered into an Option Agreement in respect of base metal rights over 5 tenements within the Mangaroon Ni-Cu-PGE & Au Project ("Mangaroon") in the Gascoyne Region of Western Australia ("Option"). The Option provides FQM with the right, following the completion of an exploration program funded by FQM, to earn a 51% interest in Mangaroon by spending \$15m and a further 19% interest by sole funding all expenditure up until a Decision to Mine. The consideration for the grant of the right of \$100,000 from FQM to Dreadnought has been included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

#### **10 Trade and other payables**

|                                       | <b>Consolidated</b> |                     |
|---------------------------------------|---------------------|---------------------|
|                                       | <b>30 June 2021</b> | <b>30 June 2020</b> |
|                                       | <b>\$</b>           | <b>\$</b>           |
| <b>CURRENT</b>                        |                     |                     |
| Unsecured liabilities                 |                     |                     |
| Trade payables                        | 739,233             | 392,453             |
| Accrued expenses                      | 24,574              | 63,984              |
| PAYG and wages payable                | 22,443              | 11,721              |
| Superannuation payable                | 21,391              | -                   |
| <b>Total trade and other payables</b> | <b>807,641</b>      | <b>468,158</b>      |

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

#### **11 Other financial liabilities**

|   | <b>Consolidated</b> |                     |
|---|---------------------|---------------------|
|   | <b>30 June 2021</b> | <b>30 June 2020</b> |
|   | <b>\$</b>           | <b>\$</b>           |
| Convertible notes – liability component – current     | -                   | 578,947             |
| Convertible notes – liability component – non-current | 578,947             | -                   |
| <b>Total financial liabilities</b>                    | <b>578,947</b>      | <b>578,947</b>      |

The Group received a total amount of \$600,000 from issuing Convertible Notes in June 2019. The issue of Convertible Notes was approved by shareholders in 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 2 July 2021. On 8 April 2021, the maturity date was extended to 1 July 2022. The holder may elect to convert the Convertible Notes into shares at \$0.0055 per share. Upon the occurrence of default, the lender may require immediate redemption of all outstanding Convertible Notes together with all interest and other outstanding moneys to be immediately due and payable to the lender. The Convertible Notes were determined to be a compound financial instrument, resulting in a split between liability and equity components (Note 1(k)). The fair value of the liability component is determined based on the contractual future cash flows which is discounted at the rate of interest (14%) that would apply to an identical financial instrument without the conversion option. At 30 June 2021, \$55,719 was attributed to equity component.

On 26 July 2021, the Convertible Loan Note holders elected to convert their Convertible Notes into 109,090,909 fully paid ordinary shares thereby reducing debt by \$600,000 to nil.

## Notes to the Consolidated Financial Statements

### For the Year Ended 30 June 2021

#### 12 Issued Capital

|                            |   | Consolidated         |                   |
|----------------------------|---|----------------------|-------------------|
|                            |   | 30 June 2021         | 30 June 2020      |
|                            |   | \$                   | \$                |
| <b>(a) Ordinary Shares</b> |   | 43,389,962           | 43,389,962        |
|                            |   | <b>43,389,962</b>    | <b>43,389,962</b> |
| Date                       |   | No.                  | \$                |
| 01/07/2019                 | <b>At 1 July 2019</b>   | 1,161,041,188        | 40,263,315        |
| 03/07/2019                 | Share Placement – Sophisticated and professional investors                                      | 165,131,627          | 495,395           |
| 01/08/2019                 | Share Purchase Plan – Eligible shareholders   | 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           |
| 16/01/2020                 | Shares issued in part consideration for the acquisition of the Wombarella and Metzke's Projects | 30,500,000           | 180,000           |
| 19/05/2020                 | Share Placement - Sophisticated and professional investors                                      | 107,500,000          | 430,000           |
| 19/05/2020                 | Director & Management participation in Placement  | 17,500,000           | 70,000            |
| 19/05/2020                 | Less: Transaction costs   | -                    | (169,248)         |
| <b>At 30 June 2020</b>     |   | <b>1,891,680,768</b> | <b>43,389,962</b> |

## **Notes to the Consolidated Financial Statements**

### **For the Year Ended 30 June 2021**

#### **12 Issued Capital (Continued)**

| <b>Date</b> |  | <b>No.</b>           | <b>\$</b>         |
|-------------|--|----------------------|-------------------|
| 01/07/2020  | <b>At 1 July 2020</b>                                      | 1,891,680,768        | 43,389,962        |
| 15/07/2020  | Options exercised  | 17,500,000           | 137,500           |
| 05/08/2020  | Options exercised  | 1,000,000            | 5,000             |
| 13/08/2020  | Share Placement – Sophisticated and professional investors | 170,666,673          | 1,536,000         |
| 20/08/2020  | Options exercised  | 15,000,000           | 75,000            |
| 19/10/2020  | Options exercised  | 10,000,000           | 100,000           |
| 26/10/2020  | Options exercised  | 21,000,000           | 165,000           |
| 30/10/2020  | Share Placement – Sophisticated and professional investors | 125,000,000          | 3,500,000         |
| 19/11/2020  | Options exercised  | 10,000,000           | 60,000            |
| 07/04/2021  | Options exercised  | 12,000,000           | 110,000           |
| 19/04/2021  | Share Placement – Sophisticated and professional investors | 166,666,667          | 3,000,000         |
| 06/05/2021  | Share Purchase Plan – Eligible shareholders                | 27,777,653           | 499,998           |
|             | Less: Transaction costs                                    | -                    | (548,121)         |
|             | <b>At 30 June 2021</b>                                     | <b>2,468,291,761</b> | <b>52,030,339</b> |

#### **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 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.

The Group received a total amount of \$600,000 raising from Convertible Notes. The issue of Convertible Notes was approved by shareholders on 16 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 mature on 1 July 2022. On 26 July 2021, the Convertible Loan Note holders elected to convert their notes into 109,090,909 fully paid ordinary shares thereby reducing debt by \$600,000 to nil.

#### **(b) Options**

The details of the unlisted options are as follows:

| <b>Number</b>     | <b>Exercise Price \$</b> | <b>Expiry Date</b> |
|-------------------|--------------------------|--------------------|
| 10,000,000        | 0.0100                   | 3-Apr-24           |
| 20,000,000        | 0.0060                   | 25-May-23          |
| 6,500,000         | 0.0050                   | 30-Jun-24          |
| 30,000,000        | 0.0050                   | 9-Apr-24           |
| 10,000,000        | 0.0080                   | 17-Sep-24          |
| 5,500,000         | 0.0100                   | 1-Oct-23           |
| 5,479,452         | 0.0098                   | 30-Jun-25          |
| 1,500,000         | 0.0200                   | 31-Oct-23          |
| <b>88,979,452</b> |                          |                    |

Refer Note 13(a) for further information.

## Notes to the Consolidated Financial Statements

### For the Year Ended 30 June 2021

#### 13 Reserves

|                            |  | Consolidated       |                |
|----------------------------|--|--------------------|----------------|
|                            |  | 30 June 2021       | 30 June 2020   |
|                            |  | \$                 | \$             |
| Options reserve (a)        |  | 848,312            | 664,500        |
| Equity reserve (b)         |  | 55,719             | 39,520         |
|                            |  | <b>904,031</b>     | <b>704,020</b> |
| <b>(a) Options Reserve</b> |  |                    |                |
|                            |  | <b>No.</b>         | <b>\$</b>      |
| <b>Grant Date</b>          | <b>At 1 July 2019</b>  | 50,000,000         | 35,000         |
| 16/08/2019                 | Options issued – Directors' options (1)                      | 22,500,000         | 109,880        |
| 16/08/2019                 | Options issued – Managing Director's options (2a)            | 40,500,000         | 51,332         |
| 17/09/2019                 | Options issued – Exploration Manager's incentive options (3) | 10,000,000         | 58,780         |
| 22/11/2019                 | Options cancelled – Managing Director's Options (2b)         | (30,000,000)       | -              |
| 23/12/2019                 | Options issued – Managing Director's options (4)             | 30,000,000         | 177,184        |
| 25/05/2020                 | Options issued – Broker's options (5)                        | 40,000,000         | 232,324        |
|                            | <b>At 30 June 2020</b>                                       | <b>163,000,000</b> | <b>664,500</b> |
|                            |  | <b>No.</b>         | <b>\$</b>      |
| <b>Grant Date</b>          | <b>At 1 July 2020</b>  | 163,000,000        | 664,500        |
| 04/04/2019                 | Options exercised – IronRinger Vendor Options                | (40,000,000)       | -              |
| 16/08/2019                 | Options exercised – Director Options                         | (26,500,000)       | -              |
| 25/05/2020                 | Options exercised – Broker Options                           | (20,000,000)       | -              |
| 01/07/2020                 | Options issued – Chairman Options (6)                        | 5,479,452          | 114,182        |
| 02/10/2020                 | Options issued – Employee Options (7)                        | 5,500,000          | 54,779         |
| 15/01/2021                 | Options issued – Employee Options (8)                        | 1,500,000          | 14,851         |
|                            | <b>At 30 June 2021</b>                                       | <b>88,979,452</b>  | <b>848,312</b> |

- 1) On 16 August 2019, the Group granted 22,500,000 unlisted options exercisable at \$0.005 on or before 30 June 2024, vesting in four quarterly tranches from 1 July 2019 to 30 June 2020.
- 2a) 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.

## **Notes to the Consolidated Financial Statements**

### **For the Year Ended 30 June 2021**

#### **13 Reserves (Continued)**

##### **(a) Options Reserve (Continued)**

- 2b) 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 replacement of long term incentive options in lieu of these instruments (refer to (4) below).
- 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 annually over 4 financial years to the Managing Director.

As detailed above at (2), these options were replacement 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.

- 5) On 25 May 2020, the Group engaged the services of Shaw and Partners as broker to manage the placement. The Group has agreed to pay the broker a fee of 6% of the funds raised under the placement and 40,000,000 options as part of a 12-month corporate mandate. The options are exercisable at \$0.006 on or before 25 May 2023 vesting immediately to the broker.
- 6) A term of Paul Chapman's appointment as a director of the Company is that he is entitled to \$36,000 plus superannuation in fees for the year ending 30 June 2021 (year ended 30 June 2020 \$nil). Paul Chapman has elected to receive his remuneration for the financial year ending 30 June 2021 by way of an issue of options. The Board resolved to grant 5,479,452 options to Paul Chapman under the Company's Incentive Option Plan on 1 July 2020, subject to obtaining shareholder approval. Shareholder approval was obtained on 30 November 2020. The options vest immediately.
- 7) On 12 October 2020, the Company agreed to offer Nick Chapman and Matthew Crowe, employees of the Company who are not related parties of the Company, 2,500,000 and 3,000,000 Options respectively under the Employee Option Plan, subject to obtaining Shareholder approval. Shareholder approval was obtained on 30 November 2020. 50% of the options vest 12 months from grant date and the other 50% vest 24 months from grant date.
- 8) On 19 November 2020, the Company agreed to offer Luke Blais, an employee of the Company who are not related parties of the Company, 1,500,000 Options under the Employee Option Plan. 50% of the options vest 12 months from grant date and the other 50% vest 24 months from grant date.

##### **(b) Equity Reserve**

Relates to the equity component of the Convertible Note. Refer to Note 11 for more details.

## **Notes to the Consolidated Financial Statements**

### **For the Year Ended 30 June 2021**

#### **14 Loss per share**

|   | <b>Consolidated</b> |                     |
|---|---------------------|---------------------|
|   | <b>30 June 2021</b> | <b>30 June 2020</b> |
|   | <b>\$</b>           | <b>\$</b>           |
| (a) Basic loss per share                                      |                     |                     |
| Loss attributable to the ordinary equity holders              | (1,277,865)         | (1,215,539)         |
| Weighted average number of shares outstanding during the year | 2,223,544,155       | 1,642,562,893       |
| Basic loss per share (cents)                                  | <b>(0.06)</b>       | <b>(0.07)</b>       |

#### (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.

#### **15 Exploration Commitments**

|   | <b>Consolidated</b> |                     |
|---|---------------------|---------------------|
|   | <b>30 June 2021</b> | <b>30 June 2020</b> |
|   | <b>\$</b>           | <b>\$</b>           |
| Exploration expenditure commitments payable:          |                     |                     |
| Not later than 12 months                              | 1,048,000           | 589,394             |
| Between 12 months and five years                      | 1,955,000           | 825,189             |
| Later than five years                                 | -                   | -                   |
| <b>Total exploration tenement minimum expenditure</b> | <b>3,003,000</b>    | <b>1,414,583</b>    |

The Group can seek deferral of minimum expenditures or relinquish tenements as required.

#### **16 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, interest rate risk and equity price risk
- Credit risk
- Liquidity risk

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

- Cash at bank
- Trade and other receivables
- Trade and other payables
- Other financial liabilities – convertible notes

##### **Objectives, policies and processes**

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

## Notes to the Consolidated Financial Statements

### For the Year Ended 30 June 2021

#### 16 Financial Risk Management (continued)

##### 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.

The Group's assets and liabilities have contractual maturities which are summarised below:

|  | Consolidated     |                 |                  |                 |
|--|------------------|-----------------|------------------|-----------------|
|  | Within 1 year    |                 | More than 1 year |                 |
|  | 30 June<br>2021  | 30 June<br>2020 | 30 June<br>2021  | 30 June<br>2020 |
|  | \$               | \$              | \$               | \$              |
| <b>Financial assets</b>                                    |                  |                 |                  |                 |
| Cash and cash equivalents                                  | 2,645,136        | 464,099         | -                | -               |
| Trade and other receivables                                | 157,172          | 51,393          | -                | -               |
|  | <b>2,802,308</b> | <b>515,492</b>  | -                | -               |
| <b>Financial Liabilities</b>                               |                  |                 |                  |                 |
| Trade and other payables                                   | 807,641          | 394,174         | -                | -               |
| Convertible notes – liability component, at amortised cost | -                | 578,947         | 578,947          | -               |
|  | <b>807,641</b>   | <b>973,121</b>  | <b>578,947</b>   | -               |

##### 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 at a rate of 10% per annum. 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.

###### (iii) Price sensitivity

The Group is not exposed to price sensitivity.



## **Notes to the Consolidated Financial Statements**

### **For the Year Ended 30 June 2021**

#### **16 Financial Risk Management (continued)**

##### **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. The long term and short term ratings is AA- and A-1+ respectively (Source: S&P Global Ratings).

##### **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.

|   | <b>30 June 2021</b>       |                       | <b>30 June 2020</b>       |                       |
|---|---------------------------|-----------------------|---------------------------|-----------------------|
|   | <b>Net Carrying Value</b> | <b>Net Fair value</b> | <b>Net Carrying Value</b> | <b>Net Fair value</b> |
|   | <b>\$</b>                 | <b>\$</b>             | <b>\$</b>                 | <b>\$</b>             |
| <b>Financial assets</b>                 |                           |                       |                           |                       |
| Cash and cash equivalents               | 2,645,136                 | 2,645,136             | 464,099                   | 464,099               |
| Trade and other receivables             | 157,172                   | 157,172               | 51,393                    | 51,393                |
| <b>Total financial assets</b>           | <b>2,802,308</b>          | <b>2,802,308</b>      | <b>515,492</b>            | <b>515,492</b>        |
| <b>Financial liabilities</b>            |                           |                       |                           |                       |
| Trade and other payables                | 807,641                   | 807,641               | 394,174                   | 394,174               |
| Convertible notes – liability component | 578,947                   | 578,947               | 578,947                   | 578,947               |
| <b>Total financial liabilities</b>      | <b>1,386,588</b>          | <b>1,386,588</b>      | <b>973,121</b>            | <b>973,121</b>        |

#### **17 Dividends**

There were no dividends paid during the year (2020: nil).

## **Notes to the Consolidated Financial Statements**

### **For the Year Ended 30 June 2021**

#### **18 Key Management Personnel Disclosures**

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

|                              | <b>Consolidated</b> |                     |
|------------------------------|---------------------|---------------------|
|                              | <b>30 June 2021</b> | <b>30 June 2020</b> |
|                              | <b>\$</b>           | <b>\$</b>           |
| Short-term employee benefits | 299,159             | 251,713             |
| Post-employment benefits     | 25,840              | 12,000              |
| Share-based payments         | 114,182             | 338,396             |
| <b>Total Remuneration</b>    | <b>439,181</b>      | <b>602,109</b>      |

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 years ended 30 June 2021 and 30 June 2020.

#### **Other key management personnel transactions**

For details of other transactions with key management personnel, refer to Note 22: Related Party Transactions.

#### **19 Remuneration of Auditors**

|   | <b>Consolidated</b> |                     |
|---|---------------------|---------------------|
|   | <b>30 June 2021</b> | <b>30 June 2020</b> |
|   | <b>\$</b>           | <b>\$</b>           |
| Remuneration of the auditor, for:           |                     |                     |
| Auditing or reviewing the financial report  |                     |                     |
| - Nexia Perth Pty Ltd (Australia)           | 30,000              | -                   |
| - Pitcher Partners BA&A Pty Ltd (Australia) | -                   | 33,000              |
| JV audit                                    |                     |                     |
| - Pitcher Partners BA&A Pty Ltd (Australia) | -                   | 5,150               |
|   | <b>30,000</b>       | <b>38,150</b>       |

#### **20 Deed of Cross-Guarantee**

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

## **Notes to the Consolidated Financial Statements**

### **For the Year Ended 30 June 2021**

#### **21 Contingent Liabilities**

In December 2019, the Company signed an agreement with Melville Raymond Dalla-Costa ("Dalla-Costa"), granting the Company an exclusive license and option to acquire 100% interest in tenement E30/485 and E29/965. The Company has paid an Initial Option Fees of \$100,000 on 12 December 2019. The option term may be extended for an additional fifteen (15) months by the Company given an extension notice to Dalla-Costa and paying the option extension fee no less than 30 days prior to the expiry of the Option term. Upon the Company giving an exercise notice, Dalla-Costa agrees to sell and the Company agrees to purchase the tenement free from all encumbrances in consideration for \$1 million.

As part of the consideration for the acquisition of tenement E04/2560, E29/1050, E29/957, E29/959, E30/471 and E30/476 from relevant parties, the Company has the obligation to pay royalties, which only become due and payable when and if mining commences.

#### **22 Related Parties**

**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-imbursement of expenses incurred on behalf of the Company) relating to directors and their director related entities were as follows:

| <b>Director</b> | <b>Transaction</b>   | <b>Consolidated</b> |             |
|-----------------|--|---------------------|-------------|
|                 |  | <b>2021</b>         | <b>2020</b> |
|                 |  | <b>\$</b>           | <b>\$</b>   |
| D Gordon        | Payments to a former director related entity for company secretary and accounting services (ie Adelaide Equity Partners Limited) | -                   | 11,213      |
| P Chapman       | Payments to a director related entity for office rental (ie Stone Poneys Nominees Pty Ltd atf Chapman Superannuation Fund)       | 11,627              | -           |

No amounts were outstanding and owing to related parties as at 30 June 2021 (2020: nil).

## **Notes to the Consolidated Financial Statements**

### **For the Year Ended 30 June 2021**

#### **22 Related Parties (continued)**

##### *(ii) Subsidiaries:*

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

| Name of subsidiary   | %<br>ownership<br>interest | % ownership<br>interest |
|--|----------------------------|-------------------------|
|  | 2021                       | 2020                    |
| Dreadnought Holdings Pty Ltd (deregistered in Jan 2021)                  | -                          | 100                     |
| Dreadnought Exploration Pty Ltd (formerly Dreadnought Kimberley Pty Ltd) | 100                        | 100                     |
| Dreadnought Yilgarn Pty Ltd  | 100                        | 100                     |

#### **23 Cash Flow Information**

##### **Reconciliation of result of loss for the year to cashflows from operating activities:**

|   | <b>Consolidated</b> |                     |
|---|---------------------|---------------------|
|   | <b>30 June 2021</b> | <b>30 June 2020</b> |
|   | <b>\$</b>           | <b>\$</b>           |
| Reconciliation of net loss to net cash provided by operating activities:                        |                     |                     |
| Loss for the year   | (1,277,865)         | (1,215,539)         |
| Cash flows excluded from loss attributable to operating activities                              |                     |                     |
| Non-cash flows in loss:   |                     |                     |
| - share based payments  | 183,812             | 629,500             |
| - property, plant and equipment expensed  | 749                 | 2,158               |
| - impairment loss on exploration assets   | 315,169             | 27,928              |
| - interest on convertible notes   | 16,199              | 18,467              |
| - exploration expenditure   | 78,968              | 10,429              |
| Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries: |                     |                     |
| - increase in trade and other receivables   | (105,779)           | (3,179)             |
| - decrease/(increase) in prepayments  | 243,495             | (15,162)            |
| - increase in trade and other payables  | 88,896              | 2,402               |
| Cashflow outflow from operations  | <b>(456,356)</b>    | <b>(542,996)</b>    |
| <b>Non-cash investing and financing activities</b>  |                     |                     |
| Share-based payments expense – share issue costs  | -                   | 232,324             |
| Non-cash assets acquisition   | -                   | 180,000             |

## Notes to the Consolidated Financial Statements

### For the Year Ended 30 June 2021

#### 24 Share-based Payments

|                        | Number            | \$             | Weighted<br>Average<br>Exercise Price |
|------------------------|-------------------|----------------|---------------------------------------|
| <b>At 1 July 2020</b>  | 163,000,000       | 664,500        | \$0.007                               |
| Options exercised      | (86,500,000)      | -              | \$0.010                               |
| Options issued         | 12,479,452        | 183,812        | \$0.01                                |
| <b>At 30 June 2021</b> | <b>88,979,452</b> | <b>848,312</b> | <b>\$0.04</b>                         |

#### Share-based payments granted during the year:

##### 5,479,452 Chairman Options granted on 1 July 2020 and approved on 30 November 2020.

The options were deemed to have a fair value of \$0.0208 per option. The options vest immediately and were valued at \$114,182 using the Black-Scholes option pricing model and applying the following inputs:

|                         |          |
|-------------------------|----------|
| Share price             | \$0.022  |
| Exercise price          | \$0.0098 |
| Expected volatility     | 155.92%  |
| Risk-free interest rate | 0.30%    |
| Useful life/term        | 5 years  |

##### 5,500,000 Employee Options granted on 2 October 2020 and approved on 30 November 2020.

50% of the options vest 12 months from grant date and the other 50% vest 24 months from grant date. The options were deemed to have a fair value of \$0.0197 per option. The options were valued at \$108,388 using the Black-Scholes option pricing model, with \$54,779 expensed as share-based payments during the year. The following inputs were applied:

|                         |         |
|-------------------------|---------|
| Share price             | \$0.022 |
| Exercise price          | \$0.010 |
| Expected volatility     | 167.29% |
| Risk-free interest rate | 0.11%   |
| Useful life/term        | 3 years |

##### 1,500,000 Employee Options granted on 19 November 2020

50% of the options vest 12 months from grant date and the other 50% vest 24 months from grant date. The options were deemed to have a fair value of \$0.0216 per option. The options were valued at \$32,410 using the Black-Scholes option pricing model, with \$14,851 expensed as share-based payments during the year. The following inputs were applied:

|                         |         |
|-------------------------|---------|
| Share price             | \$0.025 |
| Exercise price          | \$0.02  |
| Expected volatility     | 165.06% |
| Risk-free interest rate | 0.19%   |
| Useful life/term        | 3 years |

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 year in respect to equity instruments issued was \$183,812, classified under Director & Employee Benefits (Note 3) in the profit and loss.

## **Notes to the Consolidated Financial Statements**

### **For the Year Ended 30 June 2021**

#### **24 Share-based Payments (Continued)**

**Share-based payment arrangements granted in prior years and existed during the financial year ended 30 June 2021:**

- 1) On 4 April 2019, the Group issued a total of 50,000,000 unlisted options exercisable at \$0.01 on or before 3 April 2024, vesting immediately to vendors of IronRinger Resources Pty Ltd. 40,000,000 options were exercised during the year.
- 2) On 16 August 2019, the Group granted a total of 22,500,000 unlisted options exercisable at \$0.005 on or before 30 June 2024 to Directors, vesting in four quarterly tranches from 1 July 2019 to 30 June 2020. These options were exercised during the year.
- 3) 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. 4,000,000 options were exercised during the year.
- 4) 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.
- 5) On 23 December 2019, the Group granted 30,000,000 unlisted incentive options exercisable at \$0.005 on or before 9 April 2024, vesting annually over 4 financial years to the Managing Director.
- 6) On 25 May 2020, the Group engaged the services of Shaw and Partners as broker to manage the placement. The Group has agreed to pay the broker a fee of 6% of the funds raised under the placement and 40,000,000 options as part of a 12-month corporate mandate. The options are exercisable at \$0.006 on or before 25 May 2023 vesting immediately to the broker. 20,000,000 options were exercised during the year.

The share options outstanding at the end of the financial year had a weighted average remaining contractual life of 3.03 years (2020: 3.87 years) and weighted average exercise price of \$0.04 (2020: \$0.01).

#### **25 Events occurring after the reporting date**

On 2 July 2021, the Company granted 11,500,000 unlisted options via the Dreadnought Employee Option Plan (EOP) to the current employees of the Company. The options have \$0.04 exercise price and expiry date of 2 July 2024.

On 12 July 2021, 10,000,000 ordinary paid shares have been issued on early exercise of options raising \$80,000.

On 26 July 2021, the Company announced that 109,090,909 ordinary fully paid shares have been issued on the conversion of the 600,000 Convertible Notes on issue at the election of the Noteholders. The Convertible Notes were issued following approval by shareholders in August 2019 at a face value of \$600,000 with a conversion price of \$0.0055 per share.

On 14 September 2021, the Company announced a placement at \$0.035 has raised \$8,000,000 (before costs) to institutional and sophisticated investors. Directors are contributing \$158,699 via the placement (subject to shareholder approval) and exercise of options and will maintain a 15% ownership, bringing their total investment to approximately \$1.46 million.

Other than the events detailed above, there has not arisen in the interval between 1 July 2021 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.

## Notes to the Consolidated Financial Statements

### For the Year Ended 30 June 2021

#### 26 Parent entity

|   | 30 June 2021       | 30 June 2020       |
|---|--------------------|--------------------|
|   | \$                 | \$                 |
| <b>Statement of Financial Position</b>                            |                    |                    |
| Assets  |                    |                    |
| Current assets  | 3,134,597          | 557,542            |
| Non-current assets  | 10,367,656         | 5,108,940          |
| <b>Total Assets</b>   | <b>13,502,253</b>  | <b>5,666,482</b>   |
| Liabilities   |                    |                    |
| Current liabilities   | 777,787            | 1,070,230          |
| Non-current liabilities   | 578,947            | -                  |
| <b>Total Liabilities</b>  | <b>1,356,734</b>   | <b>1,070,230</b>   |
| Equity  |                    |                    |
| Issued capital  | 52,030,339         | 43,389,962         |
| Accumulated losses  | (40,788,851)       | (39,497,730)       |
| Reserves  | 904,031            | 704,020            |
| <b>Total Equity</b>   | <b>12,145,519</b>  | <b>4,596,252</b>   |
| <b>Statement of Profit or Loss and Other Comprehensive Income</b> |                    |                    |
| Total loss for the year   | (1,291,121)        | (1,226,695)        |
| <b>Total comprehensive loss</b>                                   | <b>(1,291,121)</b> | <b>(1,226,695)</b> |

#### 27 Company Details

The registered office of the Company is:

Dreadnought Resources Ltd  
Level 3, 35 Outram Street  
West Perth WA 6005

The principal place of business of the Company is:

Dreadnought Resources Ltd  
Suite 6, 16 Nicholson Road  
Subiaco WA 6008  
PO Box 572  
Floreat WA 6014

[www.dreadnoughtresources.com.au](http://www.dreadnoughtresources.com.au)

Email: [info@DreadnoughtResources.com.au](mailto:info@DreadnoughtResources.com.au)

## **Directors' Declaration**

**For the Year Ended 30 June 2021**

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



**Dean Tuck**  
**Managing Director**

**Dated 29 September 2021**



## 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 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the 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:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the year then ended; and
- (ii) 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 & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

#### 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.

#### Nexia Perth

##### Audit Services Pty Ltd

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| Key audit matter   | How our audit addressed the key audit matter  |
|--|---|
| <p><b>Funding and Liquidity</b></p> <p><b>Refer to note 1b</b></p> <p>Dreadnought Resources Limited is a Company limited by shares, incorporated in Australia. The Company is engaged in exploration activities on its three projects, the Tarraji-Yampi Ni-Cu-Au Project located in the highly prospective West Kimberley, the Mangaroon Ni-Cu-PGE-REE-Au Project located southeast of Exmouth, and the Illaara Au-Cu-Ta-Iron Ore Project located northwest of Kalgoorlie.</p> <p>The investee's activities have not yet advanced to a stage where it is able to generate revenue, accordingly the Group is reliant on funding from external sources, such as capital raisings, to support its operations. We focused on whether the Group had sufficient cash resources and access to funding to allow the Group to continue as a going concern.</p> <p>The adequacy of funding and liquidity as well as the relevant impact on the going concern assessment is a key audit matter due to the inherent uncertainties associated with the future development of the Group's projects and the level of funding required to support that development.</p> | <p>We evaluated the Group's funding and liquidity position at 30 June 2021 and its ability to repay its debts as and when they fall due for a minimum of 12 months from the date of signing the financial report. Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>▪ obtaining management's cash flow forecast for the 18 months from the commencement of the 2021 financial year;</li> <li>▪ evaluating the reliability and accuracy of the data and assumptions used to prepare management's forecasts by comparing them to financial information in current and prior years as well as to our understanding of the Group's future plans and operating conditions;</li> <li>▪ observing and confirming that management has the ability to reduce its discretionary costs and exploration costs to conserve the Company's cash;</li> <li>▪ observing that the Company has sufficient cash to meet its minimum exploration commitments; and</li> <li>▪ considering events subsequent to year end to determine whether any additional facts or information have become available since the date on which management made its assessment.</li> </ul> |
| <p><b>Capitalisation of exploration assets</b></p> <p><b>Refer to note 9</b></p> <p>As at 30 June 2021, the Group held capitalised exploration assets of \$10,371,428 (2020: \$5,104,501). The Group's accounting policy in respect of exploration assets is outlined in Note 1(r).</p> <p>This is a key audit matter due to the fact that significant judgement is applied in determining whether:</p> <ul style="list-style-type: none"> <li>▪ the capitalised Exploration and Evaluation assets meet the recognition criteria in terms of AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>; and</li> <li>▪ facts and circumstances exist that suggest that the carrying amount of the Exploration and Evaluation assets may exceed their recoverable amount in accordance with AASB 6.</li> </ul>  | <p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>▪ obtaining an understanding of the processes associated with the capitalisation of exploration and evaluation expenditure, and those involved with the assessment of impairment indicators;</li> <li>▪ reviewing the impairment assessment prepared by management for all areas of interest, reviewing expenditure and comparing this to requirements and budgeted amounts;</li> <li>▪ investigating whether the Company's right to explore in the area of interest has expired during the period or will expire in the near future and is not expected to be renewed; and</li> <li>▪ analysing the Group's intention to carry out substantive exploration and evaluation activity in the relevant tenements, this involved an assessment of the Group's cash-flow forecast and budget, discussions with senior management and directors as to the planned activities of the Group.</li> </ul>  |

## Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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 the 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 Australian Auditing and Assurance Standards Board website at: [https://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar1.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 pages 14 to 20 of the Directors' Report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Dreadnought Resources Limited for the year ended 30 June 2021 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.

Yours sincerely



**Nexia Perth Audit Services Pty Ltd**



**M. Janse Van Nieuwenhuizen**  
Director

Perth  
29 September 2021

## ASX Additional Information

Additional information required by the ASX Listing Rules is set out below.

### 1. Shareholdings

The issued capital of the Company as at 16 September 2021 is:

2,605,862,122 ordinary fully paid shares

All issued ordinary fully paid shares carry one vote per share.

### 2. Distribution of Equity Securities as at 16 September 2021

#### Ordinary Shares (ASX Code: DRE)

| Holding Ranges   | Holders      | Total Units          | % Issued Share Capital |
|------------------|--------------|----------------------|------------------------|
| 1 - 1,000        | 85           | 26,348               | 0.00                   |
| 1,001 - 5,000    | 48           | 140,730              | 0.01                   |
| 5,001 - 10,000   | 49           | 413,371              | 0.02                   |
| 10,001 - 100,000 | 1,815        | 88,452,110           | 3.39                   |
| 100,001 Over     | 2,024        | 2,516,829,563        | 96.58                  |
| <b>Totals</b>    | <b>4,021</b> | <b>2,605,862,122</b> | <b>100.00%</b>         |

### 3. Unmarketable parcels

There were 302 holders of less than a marketable parcel of ordinary shares.

### 4. Substantial shareholders as at 16 September 2021

| Name                                 | Number of Shares | % Holding |
|--------------------------------------|------------------|-----------|
| Paul Chapman and associated entities | 309,609,513      | 11.88     |

### 5. Restricted Securities Subject to Escrow as at 16 September 2021

There are no shares subject to escrow.

### 6. On-market buy back

There is currently no on-market buyback program for any of the Company's listed securities.

### 7. Group cash and assets

In accordance with Listing Rule 4.10.19, the Group confirms that it has been using the cash and assets for the year ended 30 June 2021 consistent with its business objective and strategy.

### 8. Voting Rights

All ordinary fully paid shares have one voting right per share. Unlisted options have no voting rights.

## ASX Additional Information

### 9. Top 20 Largest Holders of Listed Securities as at 16 September 2021

|    | Holder Name  | Holding            | %            |
|----|--|--------------------|--------------|
| 1  | STONE PONEYS NOMINEES PTY LTD <CHAPMAN SUPER FUND A/C>                   | 295,042,759        | 11.32        |
| 2  | MR DAVID MICHAEL CHAPMAN + MS MICHELE WOLLENS <CW SUPER A/C>             | 64,224,107         | 2.46         |
| 3  | PARETO NOMINEES PTY LTD <THE DAMELLE A/C>                                | 60,277,777         | 2.31         |
| 4  | RAMELIUS RESOURCES LTD   | 48,735,849         | 1.87         |
| 5  | PAYNE GEOLOGICAL SERVICES PTY LTD <PAYNE SUPER FUND A/C>                 | 44,081,352         | 1.69         |
| 6  | MR PHILIP DAVID CRUTCHFIELD  | 34,625,000         | 1.33         |
| 7  | BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM                             | 32,352,266         | 1.24         |
| 8  | CITICORP NOMINEES PTY LIMITED  | 30,531,582         | 1.17         |
| 9  | MRS BELINDA GORDON + MR IAN GORDON <GORDON SUPER FUND A/C>               | 27,611,114         | 1.06         |
| 10 | MR NEVRES CRLJENKOVIC  | 25,000,000         | 0.96         |
| 11 | MR TAO WU  | 25,000,000         | 0.96         |
| 12 | MR DREW GRIFFIN MONEY  | 20,000,000         | 0.77         |
| 13 | SNOWBALL 3 PTY LTD <ANTONIO TORRESAN SUPER A/C>                          | 20,000,000         | 0.77         |
| 14 | MR LIZHONG WU + MRS WEIPING QIU <WU&QIU SUPERFUND A/C>                   | 20,000,000         | 0.77         |
| 15 | MR IAN JAMES GORDON  | 19,992,644         | 0.77         |
| 16 | MR STEPHEN JAMES FOLEY + MS NATALIE CHANTAL MELLONIUS <FOLEY FAMILY A/C> | 18,333,330         | 0.70         |
| 17 | MR DEAN TUCK + MRS DIANNE MAE TUCK <TUCK FAMILY A/C>                     | 17,710,317         | 0.68         |
| 18 | PARKRANGE NOMINEES PTY LTD   | 17,500,000         | 0.67         |
| 19 | MR MARC DAVID HARDING  | 17,000,000         | 0.65         |
| 20 | JRMA GROUP PTY LTD <RICHARDS FAMILY A/C>                                 | 15,600,000         | 0.60         |
|    | <b>Total held by top 20 registered shareholders</b>                      | <b>853,618,097</b> | <b>32.76</b> |

## ASX Additional Information

### 10. Unquoted securities

UNLISTED OPTIONS @ \$0.01 EXPIRING 01/10/23

|   | Holder Name                 | Holding          | %           |
|---|-----------------------------|------------------|-------------|
| 1 | MR MATTHEW JAMES CROWE      | 3,000,000        | 55%         |
| 2 | MR NICHOLAS WOLLENS CHAPMAN | 2,500,000        | 45%         |
|   | <b>Total</b>                | <b>5,500,000</b> | <b>100%</b> |

UNLISTED OPTIONS @ \$0.005 EXPIRING 9/04/2024

|   | Holder Name  | Holding    | %    |
|---|--|------------|------|
| 1 | MR DEAN TUCK & MRS DIANNE MAE TUCK <TUCK FAMILY A/C> | 30,000,000 | 100% |

UNLISTED OPTIONS @ \$0.06 EXPIRING 11/08/2024

|   | Holder Name     | Holding   | %    |
|---|-----------------|-----------|------|
| 1 | MR FRANK MURPHY | 2,000,000 | 100% |

UNLISTED OPTIONS @ \$0.005 EXPIRING 30/06/2024

|  | Holder Name  | Holding   | %    |
|--|--|-----------|------|
|  | MR DEAN TUCK & MRS DIANNE MAE TUCK <TUCK FAMILY A/C> | 3,500,000 | 100% |

UNLISTED OPTIONS @ \$0.006 EXPIRING 25/05/2023

|   | Holder Name  | Holding           | %           |
|---|--|-------------------|-------------|
| 1 | MR BLAIR OLIVER CAMPBELL SPAULDING <SANCERRE INVEST A/C> | 5,000,000         | 25%         |
| 2 | PARETO NOMINEES PTY LTD <THE DAMELLE A/C>                | 10,000,000        | 50%         |
| 3 | RAVENHILL FINANCIAL SERVICES PTY LTD                     | 5,000,000         | 25%         |
|   | <b>Total</b>   | <b>20,000,000</b> | <b>100%</b> |

UNLISTED OPTIONS @ \$0.02 EXPIRING 31/10/2023

|  | Holder Name   | Holding   | %    |
|--|---------------|-----------|------|
|  | MR LUKE BLAIS | 1,500,000 | 100% |

## ASX Additional Information

10. Unquoted securities (continued)

UNLISTED OPTIONS @ \$0.04 EXPIRING 02/07/2024

|   | Holder Name                 | Holding           | %           |
|---|-----------------------------|-------------------|-------------|
| 1 | MR LUKE BLAIS               | 3,000,000         | 26%         |
| 2 | MR MATTHEW JAMES CROWE      | 4,000,000         | 35%         |
| 3 | MR NICHOLAS WOLLENS CHAPMAN | 3,000,000         | 26%         |
| 4 | MRS JESSAMYN LYONS          | 1,500,000         | 13%         |
|   | <b>Total</b>                | <b>11,500,000</b> | <b>100%</b> |



## ASX Additional Information – Tenement List

| Project        | Tenement | Lease Name   | State | Status      | % Owned by DRE                                   | Holders                          |
|----------------|----------|--------------|-------|-------------|--|----------------------------------|
| Tarraj-Yampi   | E04/2315 | Tarraj       | WA    | Granted     | Registered and 80% Beneficial as a Joint Venture | Whitewater Resources Pty Limited |
| Tarraj-Yampi   | E04/2508 | Yampi        | WA    | Granted     | 100%   | Dreadnought (Kimberley) Pty Ltd  |
| Tarraj-Yampi   | E04/2557 | Yampi        | WA    | Granted     | 100%   | Dreadnought (Kimberley) Pty Ltd  |
| Tarraj-Yampi   | E04/2572 | Yampi        | WA    | Granted     | 100%   | Dreadnought (Kimberley) Pty Ltd  |
| Tarraj-Yampi   | E04/2608 | Yampi        | WA    | Granted     | 100%   | Dreadnought (Kimberley) Pty Ltd  |
| Tarraj-Yampi   | E04/2675 | Yampi        | WA    | Application | 100%   | Dreadnought (Kimberley) Pty Ltd  |
| Tarraj-Yampi   | E04/2676 | Yampi        | WA    | Application | 100%   | Dreadnought (Kimberley) Pty Ltd  |
| West Kimberley | E04/2560 | Wombarella   | WA    | Granted     | 100%   | Beau Resources Pty Ltd           |
| West Kimberley | E04/2574 | Broome Creek | WA    | Application | 100%   | Dreadnought (Kimberley) Pty Ltd  |
| West Kimberley | E04/2573 | Napier Downs | WA    | Granted     | 100%   | Dreadnought (Kimberley) Pty Ltd  |
| Rocky Dam      | E25/533  | Rocky Dam    | WA    | Granted     | 100%   | Dreadnought (Yilgarn) Pty Ltd    |
| Rocky Dam      | E25/599  | Rocky Dam    | WA    | Granted     | 100%   | Dreadnought (Yilgarn) Pty Ltd    |

## ASX Additional Information – Tenement List

| Project                 | Tenement | Lease Name      | State | Status      | % Owned by DRE | Holders                                |
|-------------------------|----------|-----------------|-------|-------------|----------------|--|
| Rocky Dam               | E27/634  | Rocky Dam       | WA    | Granted     | 100%           | Dreadnought (Yilgarn) Pty Ltd          |
| Rocky Dam               | E28/2988 | Rocky Dam       | WA    | Granted     | 100%           | Dreadnought (Yilgarn) Pty Ltd          |
| Illaara                 | E29/957  | Illaara         | WA    | Granted     | 100%           | Newmont Goldcorp Exploration Pty Ltd   |
| Illaara                 | E29/959  | Illaara         | WA    | Granted     | 100%           | Newmont Goldcorp Exploration Pty Ltd   |
| Illaara                 | E29/1050 | Illaara         | WA    | Granted     | 100%           | Gianni, Peter Romeo                    |
| Illaara                 | E30/471  | Illaara         | WA    | Granted     | 100%           | Newmont Goldcorp Exploration Pty Ltd ( |
| Illaara                 | E30/476  | Illaara         | WA    | Granted     | 100%           | Newmont Goldcorp Exploration Pty Ltd   |
| Illaara                 | E29/965  | Illaara         | WA    | Granted     | 100%           | Dalla-Costa, Melville Raymond          |
| Illaara                 | E30/485  | Illaara         | WA    | Granted     | 100%           | Dalla-Costa, Melville Raymond          |
| South Kimberley Project | E80/5363 | Horseshoe Range | WA    | Application | 100%           | Dreadnought (Kimberley) Pty Ltd        |
| South Kimberley Project | E80/5364 | Sparke Range    | WA    | Application | 100%           | Dreadnought (Kimberley) Pty Ltd        |
| South Kimberley Project | E80/5365 | Lindner Hill    | WA    | Application | 100%           | Dreadnought (Kimberley) Pty Ltd        |

**ASX Additional Information – Tenement List**

| Project                 | Tenement | Lease Name | State | Status      | % Owned by DRE | Holders                         |
|-------------------------|----------|------------|-------|-------------|----------------|---------------------------------|
| South Kimberley Project | E80/5366 | Mt Amhurst | WA    | Application | 100%           | Dreadnought (Kimberley) Pty Ltd |

## Corporate Directory

### Directors

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

### Company Secretary

Ms Jessamyn Lyons

### Registered Office

Level 3, 35 Outram Street

West Perth WA 6005

Telephone: +61 (0) 428 824 343

Website: [www.dreadnoughtresources.com.au/](http://www.dreadnoughtresources.com.au/)

**ABN 40 119 031 864**

### Share Registry

Computershare

Level 11, 172 St Georges Tce

Perth, WA, Australia

Telephone: + 61 8 6188 0800

### Auditors

Nexia Perth Audit Services Pty Ltd

Level 3, 88 William Street

Perth WA 6000

### Stock Exchange

Australian Securities Exchange

(Home Exchange: Perth, Western Australia)

ASX Code: DRE