

# **CLASSIC MINERALS LIMITED**

**ACN: 119 484 016**

**ANNUAL REPORT  
FOR THE YEAR ENDED  
30 JUNE 2020**

## CLASSIC MINERALS LIMITED

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# **CLASSIC MINERALS LIMITED**

## **CORPORATE DIRECTORY**

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### **DIRECTORS**

John Lester  
Frederick Salkanovic  
Lu Ning Yi  
Stephen John O'Grady

### **COMPANY SECRETARY**

Madhukar Bhalla

### **A.B.N.**

77 119 484 016

### **PRINCIPAL OFFICE & REGISTERED OFFICE**

71 Furniss Road  
Landsdale, WA 6065

### **SHARE REGISTRY**

Advanced Share Registry Services  
110 Stirling Highway  
Nedlands, WA 6009

### **AUDITORS**

Bentleys Audit & Corporate (WA) Pty Ltd  
Level 3, 216 St George's Terrace  
Perth, WA 6000

### **SECURITIES EXCHANGE LISTING**

Australian Securities Exchange (ASX: CLZ)

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## CLASSIC MINERALS LIMITED

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### DIRECTORS' REPORT

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In order to comply with the provisions of the Corporations Act 2001, the Directors of Classic Minerals Limited submit herewith the financial report and the directors report for the financial year ended 30 June 2020.

#### Directors

The names of directors in office at any time during or since the end of the financial year are:

John Lester  
Frederick Salkanovic  
Lu Ning Yi  
Stephen John O'Grady (appointed 9 June 2020)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

#### Company Secretary

The name of secretary in office at any time during or since the end of the financial year is:

Madhukar Bhalla

Mr Madhukar Bhalla is a qualified Company Secretary and a Fellow of Governance Institute of Australia as well as a Fellow of the Institute of Chartered Secretary and Administrators.

#### Current Directors' qualifications and experience

##### John Lester (Non-executive Chairman)

Age: 78 years old

##### Qualifications and Experience

Mr Lester has a degree in Physiology from Oxford University and was a member of the Institute of Investment Analysts in London. He started his career as a stockbroker with Joseph Sebag and Co in London specializing in mining companies including six months with Consolidated Goldfields. He joined Jardine Fleming and Company then Hong Kong's largest investment bank as chief dealer and became a Director of that Company.

He was Head of Corporate Finance at Pembroke Securities in Sydney and later moved to Indonesia where he founded a paging company and several satellite and internet companies as well as arranging the underwriting of Jakarta's first publicly listed mining company.

He joined the Board of Golden West Resources Limited and became Managing Director where he was responsible for the company raising more than \$60 million from Asian investors. He was Chairman of Yilgarn Infrastructure Ltd which was a major tenderer for building the Port of Oakajee having a fully funded bid with partners including China Rail, China Ports, Sinosteel Ansteel Bank of China and China Exim Bank. He was a founding Director and Chairman of publicly listed Coal Limited.

##### Shareholdings as at the date of this report:

54,750,000 ordinary shares  
90,000,000 performance rights

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## CLASSIC MINERALS LIMITED

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### DIRECTORS' REPORT

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#### **Frederick Salkanovic (Non-Executive Director)**

**Age: 75 years old**

**Qualifications and Experience**

Mr Salkanovic has a history of mining in Western Australia and throughout Australia for the past 45 years. He has operated successful precious metals and gemstone mining operations and brings further hands-on experience to the Company as it ramps up its exploration and mining development activities at the Forrestania Gold project. Mr Salkanovic has a strong knowledge of the mining and resources sector in Australia, he is a strong supporter of the company with key competencies in exploration, materials processing, marketing and financial management in relation to junior mining companies.

**Shareholdings as at the date of this report:**

56,875,000 ordinary shares  
30,000,000 performance rights

#### **Lu Ning Yi (Non-Executive Director)**

**Age: 66 years old**

**Qualifications and Experience**

Mr Lu Ning Yi had a long career as an experienced and respected financial journalist with China's Jiangsu Economic newspaper. His position placed him in direct contact with many of China's top business executives. Since coming to Australia, Mr Lu has maintained and expanded his extensive Chinese and Australian business relationships. Mr Lu is a director of Chi Masters International Pty Ltd and is also a Non-Executive director of the Heritage Golf and Country Club in Victoria.

**Shareholdings as at the date of this report:**

71,293,415 ordinary shares  
30,000,000 performance shares

#### **Stephen John O'Grady (Non-Executive Director)**

**Age: 59 years old**

**Qualifications and Experience**

Stephen has contributed to the successful development of many mines, including a wealth of experience in the open cut and underground mining of gold. He has been the mining engineer for over 80 open cut mining projects and over 30 underground mining projects in the last two decades. His forte is in the pit design, optimization and mine planning space. He has studied the geology and created commensurate scoping and feasibility studies across five continents including due diligence work for Minjar Gold and various WA gold projects.

**Shareholdings as at the date of this report:**

Nil

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## CLASSIC MINERALS LIMITED

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### DIRECTORS' REPORT

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#### Meetings of directors

During this financial year, the Directors met regularly to discuss the affairs of the Company.

The number of Directors' meetings held during the financial period and the number of meetings attended by each director were as follows:

Director	Board of Directors	
	Meetings Attended	Number Eligible to Attend
John Lester	28	28
Lu Ning Yi	28	28
Frederick Salkanovic	28	28
Stephen John O'Grady	1	1

The Company agreed that in order to reduce costs of directors travelling to Perth to attend board meetings that most of the decisions would be discussed and reduced to Circular Resolutions. During the year ended 30 June 2020 there were 28 Circular Resolutions that were passed unanimously by all Directors.

#### Principal activities

The principal activity of Classic Minerals Limited during the financial year was the exploration of mineral resource based projects, focussing on gold and nickel.

#### Operating results

The loss of the Company for the year ended 30 June 2020 amounted to \$15,669,186 (2019: loss of \$5,433,896).

#### Dividends

No dividends were paid or declared for payment since the incorporation of the Company.

#### Shares issued during or since the end of the year as a result of exercise

As at the date of this report details of ordinary shares issued by the Company during or since the end of the financial year as a result of the exercise of an option are:

Date of exercise	Number of shares issued	Amount paid for the shares
15/10/2019	35,000,000	\$70,000
03/12/2019	105,000,000	\$210,000
14/08/2020	37,832,090	\$75,664 (i)

There are no unpaid amounts on the shares issued.

(i) \$25,000 of this amount was received in cash and the remaining \$50,664 was used to for borrowings reduction.

#### Unissued shares under option

At the date of this report unissued ordinary shares or interests of the Company under Option are:

Date of options granted	Number of shares under option	Exercise price of option	Expiry date of option
27/12/2018	20,000,000	\$0.007	05/11/2021
08/11/2019	79,333,334	\$0.007	05/11/2021
28/02/2019	20,000,000	\$0.002	01/03/2022
27/06/2019	242,658,262	\$0.002	01/03/2022
07/02/2020	100,000,000	\$0.002	01/03/2022
25/03/2020	100,000,000	\$0.002	01/03/2022
11/05/2020	458,000,000	\$0.002	01/03/2022
24/07/2020	100,000,000	\$0.002	01/03/2022
<b>TOTAL</b>	<b>1,119,991,596</b>		

## CLASSIC MINERALS LIMITED

### DIRECTORS' REPORT

#### Review of operations

In the 2019/20 reporting year, the following milestones were achieved:

- Maiden resource estimate for Kat Gap;
- Exploration has continued at the Forrestania Gold Project;
- Updated resource estimate for Lady Magdalene; and
- Updated resource estimate for Lady Ada

In the year, a total of 10,285.55m of RC drilling was completed in the Company's projects:

- Kat Gap 119 RC holes for 9,258m;
- Kat Gap 3 diamond holes for 527.55m;
- Van Uden West 3 RC holes for 240m; and
- Tangerine Trees 6 RC holes for 360m

#### About Forrestania Gold Project and Kat Gap Gold Project

The main thrust of exploration at the Forrestania belt has been the Lady Ada and Lady Magdalene (Ladies) tenements. These have a JORC-defined gold resource outlined in the following table.

Classic has made a major discovery at the 100% owned Kat Gap tenements about 50 km to the South East of the Ladies. Here very significant high-grade gold intersections have been made. Classic has upgraded the potential of Kat Gap and is making it the main focus of its exploration. Classic has great faith in Kat Gap and has made arrangements to purchase a Gekko Gravity Feed Plant to exploit it. Kat Gap is now the Flagship project of the Company.

The FGP Tenements (excluding Kat Gap) are registered in the name of Reed Exploration Pty Ltd, a wholly owned subsidiary of ASX-listed Hannans Ltd (ASX: HNR). Classic has acquired 80% of the gold rights on the FGP Tenements from a third party, whilst Hannans has maintained its 20% interest in the gold rights.

Classic Minerals owns a 100% interest in the gold rights on the Kat Gap Tenements and also non-gold rights including but not limited to nickel, lithium and other metals.

Classic has a Global Mineral Resource of 8.24 Mt at 1.52 g/t for 403,906 ounces of gold, classified and reported in accordance with the JORC Code (2012), with a recent Scoping Study (see ASX Announcement released 2nd May 2017) suggesting both the technical and financial viability of the project. The current post-mining Mineral Resource for Lady Ada, Lady Magdalene and Kat Gap is tabulated below.

Additional technical detail on the Mineral Resource estimation is provided, further in the text below and in the JORC Table 1 as attached to ASX announcements dated 18th December 2019, 21st January 2020, and 20 April 2020.

Prospect	Indicated			Inferred			Total		
	Tonnes	Grade (Au g/t)	Ounces Au	Tonnes	Grade Au g/t)	Ounces Au	Tonnes	Grade Au	Ounces Au
<b>Lady Ada</b>	257,300	2.01	16,600	1,090,800	1.23	43,100	1,348,100	1.38	59,700
<b>Lady Magdalene</b>				5,922,700	1.32	251,350	5,922,700	1.32	251,350
<b>Kat Gap</b>				975,722	2.96	92,856	975,722	2.96	92,856
<b>Total</b>	<b>257,300</b>	<b>2.01</b>	<b>16,600</b>	<b>7,989,222</b>	<b>1.50</b>	<b>387,306</b>	<b>8,246,522</b>	<b>1.52</b>	<b>403,906</b>

#### Notes:

1. The Mineral Resource is classified in accordance with JORC, 2012 edition
2. The effective date of the mineral resource estimate is 20 April 2020
3. The mineral resource is contained within FGP tenements
4. Estimates are rounded to reflect the level of confidence in these resources at the present time
5. The mineral resource is reported at 0.5 g/t Au cut-off grade
6. Depletion of the resource from historic open pit mining has been considered

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## CLASSIC MINERALS LIMITED

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### DIRECTORS' REPORT

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#### Review of operations (continued)

##### 1. Kat Gap Gold Project

Kat Gap is a very exciting, high-grade gold project strategically located approximately 70km SSE of the Company's Forrestania Gold Project, containing the Lady Magdalene and Lady Ada gold resources.

Classic has accelerated its exploration effort over this financial year to better understand the significance and nature of the mineralisation and has been rewarded with many stunning gold intersections.

The company completed 119 RC holes for a total of 9,258m at Kat Gap during the reporting period. Some of the best intercepts returned include;

- 13m at 4.91 g/t from 33m in FKGRC090
- 9m at 20.91 g/t from 123m in FKGRC095
- 3m at 20.70 g/t from 39m in FKGRC113
- 6m at 4.84 g/t from 59m in FKGRC114
- 3m at 13.18 g/t from 143m in FKGRC133
- 6m at 11.54 g/t from 20m in FKGRC139
- 8m at 7.91 g/t from 60m in FKGRC145
- 3m at 62.10 g/t from 36m in FKGRC157
- 4m at 76.72 g/t from 79m in FKGRC184

The drilling carried out by the company to date has identified gold mineralisation over a strike length of over 600m along the granite – greenstone contact. The gold mineralised zone is open along strike to the north and south of the cross-cutting Proterozoic dyke and open down dip/plunge.

Drilling in a close-spaced pattern, incrementally stepping away from known mineralised intervals, has been very successful in understanding the structural setting of the mineralisation and clearly shown that historical work was too shallow and too widely spaced.

Future drilling programs at Kat Gap will focus mainly on testing the main granite – greenstone contact further north and south along strike from the current drilling area and testing the large 5 km long geochemical anomaly identified in historical auger soil sampling.

##### Kat Gap Mineral Resource Estimate

The company completed its maiden 2012 JORC-compliant Inferred Mineral Resource Estimate at Kat Gap in the latter part of the financial year. The resource estimate returned **975,722t @ 2.96g/t for 92,856 oz**

Classic applied for a **Mining Lease (MLA 74/249)** over the Kat Gap Inferred Resource in the latter part of the financial year.

Scoping studies are underway focussed on favourable open pit scenarios with pit optimisations being carried out on existing resources. Metallurgical studies are in progress and milling options are being considered.

There remains significant potential to discover additional gold mineralisation within the Kat Gap project area.

##### 2. Lady Magdalene Resource Estimate Update

The company completed an update to its Lady Magdalene mineral resource estimate at the Forrestania Gold Project (FGP) in Western Australia which has realised a **38% increase in the contained gold ounces for the deposit to 5.92 million tonnes grading 1.32g/t gold for 251,350 ounces.**

The new estimate incorporates all the additional drilling completed at the deposit by Classic over the last two years.



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## CLASSIC MINERALS LIMITED

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### DIRECTORS' REPORT

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#### Review of operations (continued)

#### 3. Lady Ada Resource Estimate Update

The company recently completed an update to its Lady Ada mineral resource estimate at the Forrestania Gold Project (FGP) in Western Australia which has realised a **71% increase in the contained gold ounces for the deposit to 1.35 million tonnes grading 1.38g/t gold for 59,700 ounces.**

The new estimate incorporates all the additional drilling completed at the deposit by Classic over the last two years.

#### 4. Van Uden West Prospect

The company completed 3 RC holes for a total of 240m late in the financial year at the Van Uden West prospect. The holes were drilled to follow-up on a high-grade intercept, 12m grading 5.75g/t Au from 59m drilled by the company back in 2018.

Results are pending.

#### 5. Tangerine Trees Prospect

The company completed 6 RC holes for a total of 360m late in the financial year at the Tangerine Tree's prospect. The prospect is located approximately 2km west of Western Area's Spotted Quoll nickel mine or 35km's NNW of Kat Gap. This is the first drilling program conducted by Classic at the prospect. The last drilling program carried out by previous explorers was more than 20 years.

Results are pending.

#### 6. Fraser Range Project

The Company has continued its Earn-in & Joint Venture Agreement with Independence Newsearch Pty Ltd, a 100%-owned subsidiary of Independence Group NL (ASX:IGO), allowing for free-carried exploration of the Fraser Range Project.

#### 7. Corporate

During the financial year ended 30 June 2020, the Company completed a Security Purchase Plan on 15 July 2019 which raised \$709,500. A further Security Purchase Plan (SPP) was announced on 15 July 2020, which proposed to raise a maximum of \$ 4 million. This SPP was closed after raising \$ 3,992,938 on 05 August 2020. In keeping with the vision of transforming the Company from explorer to a miner/producer the Company appointed Mr Klaus Eckhof as corporate and technical advisor in September, and he made a significant presentation at the prestigious EDELMETALLMESSE in Munich in November 2019.

Pursuant to the resource computation for Kat Gap the Board appointed Mr Stephen O'Grady, a reputed mining engineer to the Board. This appointment adds significant expertise and provide technical guidance as Classic progresses towards mining the resource at Kat Gap.

The Directors continued to raise funds for working capital via private placements and successfully negotiated with a number of creditors to convert their debt into equity thereby saving much needed cash for its operations.

The Company was in receipt of the refund from the R&D applications submitted, of over \$1.3 million for the FY2019 period. The application for the R&D grant for the FY2020, has already been lodged with AusIndustry.

The Company continued to raise funds for working capital via private placements and successfully negotiated with a number of creditors to convert their debt into equity thereby saving much needed cash for its operations.

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## CLASSIC MINERALS LIMITED

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### DIRECTORS' REPORT

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#### Review of operations (continued)

##### Significant changes in state of affairs

There were no significant changes in the state of affairs of the Company during the year ended 30 June 2020.

##### Subsequent events

On 23 July 2020 the Company issued 549,200,000 shares and 100,000,000 options. The Company raised \$670,000 in cash and \$64,000 as debt settlement. \$205,000 of the above cash was received before 30 June 2020.

On 12 August 2020, the Company had issued 437,542,856 shares and received of \$332,134 in cash and \$356,250 as debt settlement.

On 14 August 2020 the Company issued 665,153,518 shares and additional 37,832,090 shares issued for options exercised. The Company received \$25,000 in cash and \$653,750 as debt settlement.

The Share Purchase Plan was closed on 5 August 2020, and the Company raised \$3,992,938 out of the maximum permitted amount of \$4,000,000.

The Company conducted extensive metallurgical studies on the characteristics of the ore and determined the processing pathway to recover the gold from the Kat Gap gold project. The Company focuses on preparing Kat Gap Gold Project for production and has announced the purchase of a Gekko gravity concentration processing plant with 30 tph of capacity. It was expected the cost for the processing plant will be around \$3.9 million.

There have been no other matters or circumstances that have arisen since 30 June 2020 that have or may significantly affect the operations, results, or state of affairs of the Company in future financial years.

##### Future developments

The Company will continue to explore its exploration areas and look to establish its exploration interest in prospective fields; while looking to commence mining operations at Kat Gap pursuant to receipt of Governmental approvals which are imminent.

The Directors and Management look forward, with confidence, to a great year ahead.

##### Environmental regulation

The Company is aware of its environmental obligations and acts to ensure its environmental commitments are met. The directors are not aware of any significant breaches during the year.

##### Non-audit services

No non-audit services were provided in this financial year by the auditors.

##### Proceedings on behalf of the company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

##### Corporate Governance Statement

The Corporate Governance Statement is available on Classic Minerals Limited's website at [www.classicminerals.com.au/corpgov.php](http://www.classicminerals.com.au/corpgov.php)

##### Auditor's independence declaration

The auditor's independence declaration for the year ended 30 June 2020 has been received, forms part of the Director's Report, and can be found on page 14.

## CLASSIC MINERALS LIMITED

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### DIRECTORS' REPORT

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#### Review of operations (continued)

##### Indemnification of Officers

In accordance with the Company's constitution, except as may be prohibited by the Corporations Act 2001, every Officer or agent of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as Officer or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

During the previous financial year, the Company has paid insurance premiums in respect of directors' and officers' liability insurance. The insurance premiums relate to:

- Costs and expenses incurred by the relevant officers in defending legal proceedings, whether civil or criminal and whatever their outcome; and
- Other liabilities that may arise from their position, with the exception of conduct involving wilful breach of duty or improper use of information to gain a personal advantage.

During the current financial year, the Company paid \$74,031 for Directors and Officers liability insurance (2019: Nil).

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## CLASSIC MINERALS LIMITED

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### DIRECTORS' REPORT

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#### REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for Directors and executives of Classic Minerals Limited in accordance with the requirements of the *Corporations Act 2001* and its Regulations. For the purpose of this report, Key Management Personnel ("KMP") of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any Director.

The remuneration report is set out in the Table.

#### Principles used to determine the nature and amount of remuneration

The Board is responsible for determining and reviewing compensation arrangements for the Directors. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. The Company does not link the nature and amount of the emoluments of such officers to the Company's financial or operational performance. The expected outcome of this remuneration structure is to retain and motivate directors.

Due to the current size of the Company and number of directors, the Board has elected not to create a separate Remuneration Committee but has instead decided to undertake the function of the Committee as a full Board under the guidance of the formal charter.

The rewards for Directors have no set or pre-determined performance conditions or key performance indicators as part of their remuneration due to the current nature of the business operations. The Board determines appropriate levels of performance rewards as and when they consider rewards are warranted.

The remuneration policy, setting the terms and conditions for the executive directors and other executives, was developed by the board. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation. The board reviews executive packages annually by reference to the Company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

#### (a) Details of key management personnel

##### (i) Directors

John Lester  
Lu Ning Yi  
Frederick Salkanovic  
Stephen John O'Grady

##### (ii) Senior Executives

Dean Goodwin  
Jacob Douth (ceased being a KMP effective 21 January 2019)  
Jeffrey Nurse (ceased being a KMP effective 31 March 2019)

## CLASSIC MINERALS LIMITED

### DIRECTORS' REPORT

#### Details of Remuneration for Year Ended 30 June 2020 and 30 June 2019

The remuneration for each key management personnel of the Company during the year was as follows:

	SHORT-TERMBENEFITS			POST EMPLOYMENT		SHARE-BASED PAYMENT		TOTAL	REPRE- SENTED BY EQUITY/OP TIONS %
	Salary	Other	Non- Monetary	Superannuation	Retirement Benefits	Equity	Performance rights	\$	
Directors									
Lu Ning Yi									
2020	40,000	-	-	-	-	-	79,000	119,000	66%
2019	35,000	-	-	-	-	-	-	35,000	-
John Lester (i)									
2020	60,000	143,822	-	-	-	-	237,000	440,822	54%
2019	30,000	64,998	-	-	-	-	-	94,998	-
Frederick Salkanovic(ii)									
2020	40,000	3,497	-	-	-	-	79,000	122,497	64%
2019	35,000	-	-	-	-	27,500	-	62,500	44%
Stephen John O'Grady									
2020	3,333	-	-	-	-	-	-	3,333	-
Senior Executives									
Dean Goodwin (iii)									
2020	518,200	14,553	-	-	-	-	425,000	957,753	44%
2019	285,033	85,000	-	-	-	36,000	-	406,033	9 %
Jacob Douth (iv)									
2019	108,761	-	-	10,332	-	-	-	119,093	-
Jeffrey Nurse (v) (Resigned as CFO on 31 March 2019)									
2019	92,308	-	-	8,769	-	-	-	101,077	-
Total Remuneration Key Management Personnel									
2020	661,533	161,872	-	-	-	-	820,000	1,643,405	50%
2019	651,100	85,000	-	19,101	-	63,500	-	818,701	8%

- i) John is entitled to Non-executive Chairman's fee of \$60,000 per annum effective 1 January 2019. A formal contract is also in place with John Lester amounting to \$100,000 per annum payable as retainer fees. Additional \$43,822 relates to additional consultancy services during the year.
- ii) Frederick is paid non-executive directors at \$40,000 per annum effective 1 January 2019. There was a prepaid amount of \$16,600 to Frederick on 30 June 2019.
- iii) Dean is remunerated on a success basis, at the company's discretion, to establish a JORC compliant resource estimate for the Forrestania Gold Project and the Kat Gap Project as per the contract dated 1 July 2019 (2019: \$36,000 was settled via shares issued during the period. Dean rate of pay is up to \$540,000 + GST for the work between 5 July 2019 and 31 December 2020 related to the establishment of the resources, a formal contract is in place stipulating the roles and responsibilities of a CEO. 3 months' notice is required to terminate the contract).
- iv) Jacob ceased to be a KMP as a result of a change in his role pursuant to a board resolution dated 21 January 2019, the salary portion has been pro-rated to the period where he was a KMP for the Company.
- v) Jeffrey resigned as Company Secretary on the 19 October 2018 and stayed on as CFO till 31 March 2019.

#### Employment Details of Members of Key Management Personnel

Mr Dean Goodwin is the Chief Executive Officer of the Company. Mr Goodwin is remunerated on a success basis, at the company's discretion, to establish a JORC compliant resource estimate for the Forrestania Gold Project and the Kat Gap Project as per the contract dated 1 July 2019.

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## CLASSIC MINERALS LIMITED

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### DIRECTORS' REPORT

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#### Non-Executive Director Letter Agreements

The Company has non-executive director letter agreements with Mr John Lester, Mr. Frederick Salkanovic, Mr. Lu Ning Yi, and Stephen O'Grady, these letter agreements outline the terms and conditions on which the Non-Executive Directors would carry out their duties to the Company. Mr. Lu, Mr.Salkanovic, and Mr O'Grady are entitled to an annual remuneration of \$40,000 with no superannuation, while Mr. Lester is entitled to \$60,000 with no superannuation effective 1<sup>st</sup> Jan 2019. They are reimbursed for reasonable expenses incurred in carrying out their duties.

#### Shareholdings of Key Management Personnel

Number of ordinary shares held by key management personnel during the year

	<i>Balance 1 July 2019</i>	<i>Received as remuneration</i>	<i>Net Change Other</i>	<i>Balance 30 June 2020</i>
John Lester	4,750,000	-	50,000,000	54,750,000
Lu Ning Yi	21,293,415	-	50,000,000	71,293,415
Fred Salkanovic	6,875,000	-	50,000,000	56,875,000
Stephen John O'Grady	-	-	-	-
Dean Goodwin	49,880,000	15,000,000	5,500,000	70,380,000
	<b>82,798,415</b>	<b>15,000,000</b>	<b>155,500,000</b>	<b>253,298,415</b>

#### Option holdings of Key Management Personnel

	<i>Balance 1 July 2019</i>	<i>Received as remuneration</i>	<i>Net Change Other</i>	<i>Balance 30 June 2020</i>
Dean Goodwin	-	15,840,000	-	15,840,000
	-	<b>15,840,000</b>	-	<b>15,840,000</b>

#### Performance Rights of Key Management Personnel

	<i>Balance 1 July 2019</i>	<i>Received as remuneration</i>	<i>Net Change Other</i>	<i>Balance 30 June 2020</i>
John Lester	-	90,000,000	-	90,000,000
Lu Ning Yi	-	30,000,000	-	30,000,000
Fred Salkanovic	-	30,000,000	-	30,000,000
Stephen John O'Grady	-	-	-	-
Dean Goodwin	-	150,000,000	-	150,000,000
	-	<b>300,000,000</b>	-	<b>300,000,000</b>

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## CLASSIC MINERALS LIMITED

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### DIRECTORS' REPORT

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#### Transactions with Directors, Director Related Entities and other Related Entities are:

##### 2020

The Board adopted a Performance Rights Plan, which was approved by shareholders, at the General Meeting of the Company held on 24 December 2019 (refer to Note 16(a)).

Mr. Goodwin is entitled to up to \$540,000 + GST for the work between 5 July 2019 and 31 December 2020 related to the establishment of the resources, a formal contract is in place stipulating the roles and responsibilities of a CEO.

##### 2019

During the year, the company signed a formal contract the Chairman, Mr John Lester amounting to \$100,000 per annum payable effective from 1<sup>st</sup> January 2019 as retainer fees.

During the year, the Company paid a bonus to Mr Dean Goodwin amounting to \$85,000 through the transfer of a motor vehicle in lieu of cash payment. Mr. Goodwin is entitled to \$1,200 + GST fees for days worked.

#### END OF REMUNERATION REPORT

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



John Lester  
Non-executive Chairman

Dated this 17th day of September 2020

## CLASSIC MINERALS LIMITED

### DIRECTORS' DECLARATION

---

It is the opinion of the directors of Classic Minerals Limited (the "Company");

1. the financial statements and notes are in accordance with the Corporations Act 2001 and:
  - a. comply with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - b. give a true and fair view of the financial position of the Company as at 30 June 2020 and of the performance as represented by the results of its operations and its cashflows for the year ended on that date;
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. the financial statements and notes also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as disclosed in note 2.
4. this declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2020.

This declaration is made in accordance with a resolution of the Board of Directors.



John Lester  
Non-executive Chairman

Dated this 17th day of September 2020





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To the Board of Directors

### Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit Partner for the audit of the financial statements of Classic Minerals Limited for the financial year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours Faithfully,

**BENTLEYS**  
Chartered Accountants

**CHRIS NICOLOFF CA**  
Partner

Dated at Perth this 17<sup>th</sup> day of September 2020

## Independent Auditor's Report

To the Members of Classic Minerals Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Classic Minerals Limited ("the Company"), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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:

- a. the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. 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 Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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



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## Independent Auditor's Report

To the Members of Classic Minerals Limited (Continued)



### Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report, which indicates that the Company incurred a net loss of \$15,669,186 during the year ended 30 June 2020. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
<p><b>Exploration and evaluation expenditure</b> (Refer to Note 10)</p> <p>The carrying amount of exploration and evaluation expenditure as at 30 June 2020 was \$1,826,540.</p> <p>Exploration and evaluation expenditure is a key audit matter due to:</p> <ul style="list-style-type: none"> <li>➤ The significance of the balance to the Company's financial position;</li> <li>➤ The level of judgement required in evaluating management's application of the requirements of AASB 6 Exploration for and Evaluation of Mineral Resources ("AASB 6"). AASB 6 is an industry specific accounting standard requiring the application of significant judgements, estimates and industry knowledge. This includes specific requirements for expenditure to be capitalised as an asset and subsequent requirements which must be complied with for capitalised expenditure to continue to be carried as an asset; and</li> </ul> <p>The assessment of impairment of exploration and evaluation expenditure being inherently difficult.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>➤ Assessed management's determination of its areas of interest for consistency with the definition in AASB 6. This involved analysing the tenements in which the Company holds an interest and the exploration programmes planned for those tenements.</li> <li>➤ Agreed the terms of acquisition agreements and on a sample basis corroborated rights to tenure to government registries and relevant agreements as applicable;</li> <li>➤ For each area of interest, we assessed the Company's rights to tenure by corroborating to government registries and evaluating agreements in place with other parties as applicable.</li> <li>➤ Considered the activities in each area of interest to date and assessed the planned future activities for each area of interest by evaluating budgets.</li> <li>➤ Substantiated a sample of expenditure by agreeing to supporting documentation.</li> <li>➤ We assessed each area of interest for one or more of the following circumstances that may indicate impairment of the capitalised expenditure: <ul style="list-style-type: none"> <li>➤ the licenses for the right to explore expiring in the near future or are not expected to be renewed;</li> <li>➤ substantive expenditure for further exploration in the specific area is neither budgeted or planned</li> </ul> </li> </ul>

# Independent Auditor's Report

To the Members of Classic Minerals Limited (Continued)



Key audit matter	How our audit addressed the key audit matter
<p><b>Borrowings</b> (refer to Note 15)</p> <p>The Company has secured short term loans from shareholders of \$751,048 as at 30 June 2020.</p> <p>Borrowings are considered to be a key audit matter due to:</p> <ul style="list-style-type: none"> <li>▶ The significance of the balances to the Company's financial position;</li> <li>▶ Specific risks we identified surrounding the loans relating to the rights and obligations of the Company in repaying the shareholder loans with cash, shares and options; and</li> </ul> <p>Whether the shareholder loans have been accurately recorded at year end based on the terms of the loan agreements.</p> <p><b>Share-based payments</b> (refer to Note 16)</p> <p>During the year the company issued shares, options and performance rights.</p> <p>Share-based payments are considered to be a key audit matter due to:</p> <ul style="list-style-type: none"> <li>▶ The significance of the balances to the Company's financial position;</li> <li>▶ The level of judgement required in evaluating management's application of the requirements of AASB 2 <i>Share-based Payment</i> ("AASB 2");</li> </ul>	<ul style="list-style-type: none"> <li>▶ decision or intent by the Company to discontinue activities in the specific area of interest due to lack of commercially viable quantities of resources; and</li> <li>▶ data indicating that, although a development in the specific area is likely to proceed, the carrying amount of the exploration asset is unlikely to be recovered in full from successful development or sale.</li> </ul> <p>Assessed the appropriateness of the disclosures included in the relevant notes to the financial statements.</p> <p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>▶ Analysed the shareholder loan agreements to identify key terms and conditions;</li> <li>▶ Assessed the mathematical accuracy of the interest expense;</li> <li>▶ Agreed the repayment and receipt of loans to supporting documentation.</li> <li>▶ Obtained confirmation of the balance at 30 June 2020 from the lenders; and</li> <li>▶ Assessed the appropriateness of the disclosures included in the relevant notes to the financial statements.</li> </ul> <p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>▶ Analysed contractual agreement to identify key terms and conditions of the share-based payments issued and relevant vesting conditions in accordance with AASB 2;</li> <li>▶ Evaluated management's valuation methods and assess the assumptions and inputs used;</li> <li>▶ Assessed the amount recognised during the period against relevant vesting conditions; and</li> <li>▶ Assessed the appropriateness of the disclosures included in the relevant notes to the financial statements.</li> </ul>

## Independent Auditor's Report

To the Members of Classic Minerals Limited (Continued)



Key audit matter	How our audit addressed the key audit matter
<ul style="list-style-type: none"><li>➤ Use of the Black-scholes valuation model to determine the fair value of the options granted; and</li><li>➤ Use of the Monte-Carlo valuation model to determine the fair value of the performance rights granted with market based conditions.</li></ul>	

### Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2020 but does not include the financial report and our auditor's report thereon.

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

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

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

### Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. 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.



## Independent Auditor's Report

To the Members of Classic Minerals Limited (Continued)



As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Independent Auditor's Report

To the Members of Classic Minerals Limited (Continued)



### Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2020. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 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.

### Auditor's Opinion

In our opinion, the Remuneration Report of the Company, for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

**BENTLEYS**  
Chartered Accountants

**CHRIS NICOLOFF CA**  
Partner

Dated at Perth this 17<sup>th</sup> day of September 2020.

# CLASSIC MINERALS LIMITED

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the year ended 30 June 2020

		30 June 2020	30 June 2019
	Note	\$	\$
Research & development rebate	3	1,314,506	-
Other income	3	48,806	300,973
Employee benefits and consultants expense		(1,459,921)	(1,330,780)
Advertising and marketing expenses		(349,873)	(98,956)
Legal expenses & professional fees		(656,475)	(361,005)
Commissions		-	(773)
Depreciation and amortisation expense	4	(148,544)	(56,375)
Exploration expenses		(7,066,230)	(1,737,867)
Financing charges		(1,637,684)	(1,255,788)
Travel expenses		(204,281)	(52,458)
Occupancy expenses		17,915	(86,584)
Loss on asset disposal		(2,331)	(46,562)
Administration expenses	4	(5,525,074)	(707,721)
<b>Profit/(Loss) before income tax expense</b>		<b>(15,669,186)</b>	<b>(5,433,896)</b>
Income tax expense	5	-	-
<b>Profit/(Loss) for the year</b>		<b>(15,669,186)</b>	<b>(5,433,896)</b>
Other comprehensive income, net of income tax		-	-
<b>Total comprehensive loss for year</b>		<b>(15,669,186)</b>	<b>(5,433,896)</b>
Basic (loss) per share (cents per share)	6	(0.25)	(0.20)

*The accompanying notes form part of this financial report.*



# CLASSIC MINERALS LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

		30 June 2020 \$	30 June 2019 \$
	<i>Note</i>		
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	488,608	135,123
Trade and other receivables	8	99,945	466,178
Other current assets	9	167,071	90,314
<b>TOTAL CURRENT ASSETS</b>		<b>755,624</b>	<b>691,615</b>
<b>NON-CURRENT ASSETS</b>			
Exploration and evaluation	10	1,826,540	1,550,000
Right to use assets	17	129,791	-
Plant and equipment	11	684,733	170,735
Other non-current assets	12	4,142	3,642
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,645,206</b>	<b>1,724,377</b>
<b>TOTAL ASSETS</b>		<b>3,400,830</b>	<b>2,415,992</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	3,237,299	2,044,760
Provisions	14	79,588	86,573
Borrowings	15	1,927,075	772,508
<b>TOTAL CURRENT LIABILITIES</b>		<b>5,243,962</b>	<b>2,903,841</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	15	81,070	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>81,070</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>5,325,032</b>	<b>2,903,841</b>
<b>NET (LIABILITIES)/ ASSETS</b>		<b>(1,924,202)</b>	<b>(487,849)</b>
<b>EQUITY</b>			
Issued capital	16	35,866,038	24,482,958
Reserves	16(a)	3,014,676	164,923
Accumulated losses		(40,804,916)	(25,135,730)
<b>TOTAL EQUITY</b>		<b>(1,924,202)</b>	<b>(487,849)</b>

*The accompanying notes form part of this financial report.*

# CLASSIC MINERALS LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	<i>Issued Capital \$</i>	<i>Reserves</i>	<i>Accumulated Losses \$</i>	<i>Total Equity \$</i>
Balance at 30 June 2019	24,482,958	164,923	(25,135,730)	(487,849)
Loss for the year	-	-	(15,669,186)	(15,669,186)
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income/(Loss)	-	-	(15,669,186)	(15,669,186)
Transactions with owners recorded directly in equity				
Options issued	-	882,253	-	882,253
Performance rights issued	-	1,967,500	-	1,967,500
Exercise of options	280,000	-	-	280,000
Shares issued (net of expenses) during the year	11,103,080	-	-	11,103,080
Balance at 30 June 2020	35,866,038	3,014,676	(40,804,916)	(1,924,202)

  

	<i>Issued Capital \$</i>	<i>Reserves</i>	<i>Accumulated Losses \$</i>	<i>Total Equity \$</i>
Balance at 30 June 2018 (restated)	20,262,695	-	(19,701,834)	560,861
Loss for the year	-	-	(5,433,896)	(5,433,896)
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income/(Loss)	-	-	(5,433,896)	(5,433,896)
Transactions with owners recorded directly in equity				
Options issued	-	164,293	-	164,293
Shares issued (net of expenses) during the year	4,220,263	-	-	4,220,263
Balance at 30 June 2019	24,482,958	164,923	(25,135,730)	(487,849)

*The accompanying notes form part of this financial report.*

# CLASSIC MINERALS LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Note	30 June 2020 \$	30 June 2019 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipt of Research & Development rebate 2017/18		1,315,506	1,278,784
ATO Cash Flow Boost		48,660	
Payments to suppliers and employees		(5,435,880)	(2,908,271)
Interest paid		-	(257,500)
Interest received		157	973
Net cash (outflows) from operating activities	21	(4,071,557)	(1,882,014)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sales of tenements		330,000	-
Purchase of fixed assets		(421,977)	(39,437)
Purchase of prospects		(26,540)	(250,000)
Net cash (outflows) from investing activities		(118,517)	(289,437)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Share capital received		4,457,840	2,816,960
Capital raising costs		(411,897)	(138,000)
Proceeds from options entitlement		48,775	14,169
Repayment of loans and related interest	15	(1,824,039)	(1,744,641)
Proceeds of short term loans	15	2,272,880	631,985
Net cash inflows from financing activities		4,543,559	1,580,473
<b>Net increase/ (decrease) in cash held</b>		353,485	(590,978)
Cash and cash equivalents at the beginning of the year		135,123	726,101
<b>Cash and cash equivalents at the end of the year</b>	21(b)	488,608	135,123

*The accompanying notes form part of this financial report.*

# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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### 1. Corporate Information

The financial report of Classic Minerals Limited (the Company) for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of the directors on 17 September 2020.

### 2. Summary of Significant Accounting Policies

#### Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporation Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

#### Going Concern

The accounts have been prepared on the going concern basis, which contemplates continuity of normal activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Company recognised a loss of \$15,669,186 for the year ended 30 June 2020 (2019: \$5,433,896).

The net working capital position of the Company at 30 June 2020 was a deficit of \$4,488,338 (2019: \$2,212,226). The Company has expenditure commitments relating to exploration expenditure obligations for their projects of \$609,095 which potentially could fall due in the twelve months to 30 June 2021.

On 20 July 2020, the Company announced that it has secured a Gekko gold gravity processing plant to be used for future on site processing of gold ore at its Kat Gap Gold Project. The agreed value of the contract is approximately \$3.9 million and has been disclosed in the commitment.

As disclosed in note 15, the Company has shareholder loans owing as at 30 June 2020 which are payable on 3 October 2020 and 20 October 2020 amounting to \$751,048 plus accrued interest of \$125,376. The Company has applied for an R&D rebate of approximately \$1.9 million in relation to the 2020 financial year which it expects to utilise to repay these loans.

The Directors have prepared a cashflow forecast which indicates that the Company need to raise additional capital to meet all commitments and workings capital requirements for the period 12 months from the date of signing this report. The ability of the Company to continue as a going concern is dependent on:

- The ability of the Company to raise capital from equity markets as required; and
- Containing cash outflows based on working capital requirements.

The above conditions represent a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern. Should the Company be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

## CLASSIC MINERALS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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#### 2. Summary of Significant Accounting Policies (continued)

##### a) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts.

##### b) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the entity in respect of services provided by employees up to reporting date.

##### c) Recognition And Measurement – Financial Instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

##### Classification and subsequent measurement

###### *Financial assets*

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates;
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

###### *Financial liabilities*

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

## CLASSIC MINERALS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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#### 2. Summary of Significant Accounting Policies (continued)

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

#### **Derecognition**

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

##### *Derecognition of financial assets*

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Company no longer controls the asset (ie the Company has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

##### *Derecognition of financial liabilities*

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

#### **Impairment**

The Company recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost or fair value through other comprehensive income.

Loss allowance is not recognised for:

financial assets measured at fair value through profit or loss; or  
equity instruments measured at fair value through other comprehensive income.

The Company uses the simplified approach to impairment, as applicable under AASB 9: Financial Instruments:

##### *Simplified approach*

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. This approach is applicable to:

- trade receivables or contract assets that result from transactions within the scope of AASB 15: Revenue from Contracts with Customers and which do not contain a significant financing component; and
- lease receivables.

## CLASSIC MINERALS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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#### 2. Summary of Significant Accounting Policies (continued)

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (ie diversity of customer base, appropriate groups of historical loss experience, etc).

##### *Recognition of expected credit losses in financial statements*

At each reporting date, the Company recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value, with changes in fair value recognised in other comprehensive income. Amounts in relation to change in credit risk are transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

#### **d) Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST;

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. 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.

#### **e) Impairment of assets**

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the Statement of Profit or Loss and Other Comprehensive Income immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

## CLASSIC MINERALS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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#### 2. Summary of Significant Accounting Policies (continued)

##### e) Impairment of assets (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the Statement of Profit or Loss and Other Comprehensive Income immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

##### f) Income tax

###### *Current tax*

Current tax is calculated by reference to the amount of income tax payable or recoverable in respect of the taxable profit or tax loss for the year. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior years is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

###### *Deferred tax*

Deferred tax is accounted for using the statement of financial position liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the entity intends to settle its current tax assets and liabilities on a net basis.

###### *Current and deferred tax for the year*

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.



## CLASSIC MINERALS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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#### 2. Summary of Significant Accounting Policies (continued)

##### g) Payables

Trade payables and other accounts payable are recognised when the entity becomes obliged to make future payments resulting from the purchase of goods and services.

##### h) Presentation currency

The entity operates entirely within Australia and the presentation currency is Australian dollars.

##### i) Plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets.

##### *Depreciation*

The depreciable amount of all fixed assets is depreciated on a diminishing value basis over their useful lives to the Company commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Motor vehicles, Caravan and Quad Bikes	18.75% - 37.5%
Office equipment	7.5% - 100%

##### j) Exploration and Evaluation Expenditure

Identifiable exploration assets acquired are recognised as assets at their cost of acquisition.

Acquired exploration assets are not written down below acquisition cost until such time as the acquisition cost is not expected to be recovered through use or sale.

Subsequent exploration and evaluation costs related to an area of interest are written off.

##### k) Intangible assets

Intangible assets with indefinite lives that are acquired separately are carried at cost less accumulated impairment losses.

##### l) Provisions

Provisions are recognised when the entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

## CLASSIC MINERALS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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#### 2. Summary of Significant Accounting Policies (continued)

##### m) Revenue recognition

###### *Interest revenue*

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

###### *Research & Development rebate*

Research & development rebate is recognised only when the rebate has been received.

##### n) Equity based compensation

The Company expenses equity based compensation such as share and option issues after ascribing a fair value to the shares and/or options issued. If options vest at date of grant, the expense is taken up at date of grant and a corresponding Option Reserve is credited.

##### o) Issued capital

Issued capital is recognised at the fair value of the consideration received by the Company. Any transaction costs on the issue of shares are recognised directly in equity as a reduction of the share proceeds received.

##### p) Leases

###### *The Company as a lessee*

At inception of a contract, the Company assesses if the contract contains characteristics of or is a lease. If there is a lease present, a right-of-use asset and a corresponding liability are recognised by the Company where the Company is a lessee. However, all contracts that are classified as short-term leases (i.e. leases 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 Company uses incremental borrowing rate.

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

- i. fixed lease payments less any lease incentives;
- ii. variable lease payments that depend on the index of the rate, initially measured using the index or rate at the commencement date;
- iii. the amount expected to be payable by the lessee under residual value guarantees;
- iv. the exercise price of purchase options if the lessee is reasonably certain to exercise the options;
- v. lease payments under extension profits, if the lessee is reasonably certain to exercise the options; and
- vi. payments of penalties for terminating the lease, if the lease term reflects the exercise of options 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 initial direct costs. The subsequent measurement of the right-of-use asset 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.

## CLASSIC MINERALS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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#### 2. Summary of Significant Accounting Policies (continued)

##### q) Leases (continued)

Where a lease transfers ownership of the underlying asset or the costs of the right-of-use asset reflects that the Company anticipates exercising a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

##### *The Company as a lessee*

At inception of a contract, the Company assesses if the contract contains characteristics of or is a lease. If there is a lease present, a right-of-use asset and a corresponding liability are recognised by the Company where the Company is a lessee. However, all contracts that are classified as short-term leases (i.e. leases 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.

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

- vii. fixed lease payments less any lease incentives;
- viii. variable lease payments that depend on the index of the rate, initially measured using the index or rate at the commencement date;
- ix. the amount expected to be payable by the lessee under residual value guarantees;
- x. the exercise price of purchase options if the lessee is reasonably certain to exercise the options;
- xi. lease payments under extension profits, if the lessee is reasonably certain to exercise the options; and
- xii. payments of penalties for terminating the lease, if the lease term reflects the exercise of options 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 initial direct costs. The subsequent measurement of the right-of-use asset 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 costs of the right-of-use asset reflects that the Company anticipates exercising a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

##### r) Earnings per share

Basic earnings per share is calculated as a net profit attributable to members, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and other non-discretionary changes in revenues or expenses during the year that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

## CLASSIC MINERALS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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#### 2. Summary of Significant Accounting Policies (continued)

##### s) Sale of Non-Current Asset

Income from the sale of assets is measured as the consideration received net of the carrying value of the asset and any cost of disposal.

##### t) Share based payments

The Group provides benefits to directors, employees and consultants in the form of share-based payment transactions, whereby services are rendered in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions with directors, employees and consultants is measured by reference to the fair value at the date at which they are granted. The fair value is determined using an appropriate valuation model.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based arrangement, or is otherwise beneficial to the recipient, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted loss per share.

##### u) Critical accounting judgements, estimates, and assumptions

###### *Exploration and evaluation costs*

Exploration and evaluation costs are written off in the year they are incurred apart from acquisition costs which are carried forward where right of tenure of the area of interest is current.

These costs are carried forward in respect of an area that has not at statement of financial position date reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

###### *Taxation*

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the Company as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

## CLASSIC MINERALS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

#### 2. Summary of Significant Accounting Policies (continued)

##### u) Critical accounting judgements, estimates, and assumptions (continued)

###### *Comparative figures*

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

When the Company applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed.

##### v) Application of new and revised Accounting Standards that are mandatorily effective for the current year

The Company has adopted all of the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company during the financial period.

##### w) New and revised Australian Accounting Standards and Interpretations on issue but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the reporting year ended 30 June 2020. The Company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Company, are set out below:

Standard/amendment	Effective for annual reporting periods beginning on or after
AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material	1 January 2020
AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework	1 January 2020
AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia	1 January 2020
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current	1 January 2022
AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments	1 January 2022

The Directors have determined that there is no material impact of the standards and interpretations on issue but not yet adopted by the Company, and therefore, no change is necessary to the accounting policies.

# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### NOTE 3: REVENUE FROM CONTINUING OPERATIONS

	30 June 2020 \$	30 June 2019 \$
Research & Development Rebate	1,314,506	-
Interest Income	158	973
Other Income (i)	48,648	300,000
	<u>1,363,312</u>	<u>300,973</u>

- (i) Relates to government grant relating to Cashflow Boost and Jobkeeper payments (2019: On 17 June 2019, the Company announced the Earn in and Joint agreement over Fraser Range tenements with Independence Newsearch Pty Ltd and as part of the agreement, the Company will receive an initial cash payment of \$300,000 which was subsequently received on 5<sup>th</sup> July 2019. Refer to note 8(ii))

### NOTE 4: ADMINISTRATION AND DEPRECIATION AND AMORTISATION EXPENSES

	30 June 2020 \$	30 June 2019 \$
The loss before income tax has been arrived at after charging the following expenses:		
(a) Administration expenses		
Share based payments	4,887,971	80,603
Insurance expenses	72,480	9,834
Telephone expenses	8,603	6,805
Other administration expenses	556,020	610,479
	<u>5,525,074</u>	<u>707,721</u>
(b) Depreciation and amortisation expenses		
Amortisation related to right to use assets	55,625	-
Depreciation related to plant and equipment	92,919	56,375
	<u>148,544</u>	<u>56,375</u>

# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

<b>NOTE 5: INCOME TAX</b>		<b>30 June 2020</b>	<b>30 June 2019</b>
		<b>\$</b>	<b>\$</b>
<b>(a) Current tax expense</b>			
Current year		-	-
	5(b)	-	-
<b>(b) Numerical reconciliation between tax expense and pre-tax net profit</b>			
Profit/ (Loss) before tax		(15,669,186)	(5,433,896)
Income tax expense/(benefit) calculated at 27.5%		(4,309,026)	(1,494,321)
Tax effect of:			
- Non-deductible expenses		1,601,922	19,382
- Impairment		-	-
- Share based payments		667,991	22,166
- Current year revenue losses for which no deferred tax asset has been recognised		-	-
- Unrecognised timing differences		2,400,602	1,294,572
- Exploration costs		-	-
- Taxable profit on disposal of tenements		-	-
- Research & Development rebate received		(361,489)	158,201
Income tax expense on pre-tax net profit		-	-
<b>(c) Unrecognised deferred tax balances</b>			
The following deferred tax assets at 27.5% (2019: 27.5%) have not been brought to account:			
Unrecognised deferred tax asset – tax losses		4,801,989	2,829,067
Unrecognised deferred tax asset- other timing differences		295,902	262,268
Net deferred tax assets		5,097,081	3,091,335

The net deferred tax assets not brought into account will only be of a benefit to the Company if future assessable income is derived of a nature and amount sufficient to enable the benefits to be realised, the conditions for deductibility imposed by the tax legislation continue to be complied with and the Company are able to meet the continuity of ownership and/or continuity of business tests.

This tax note has been prepared on the basis that prior year losses are able to be recouped. It should be noted that the ability of a company to utilise prior year tax losses will depend upon the satisfaction of the loss recoupment tests contained within the Income Tax Legislation. At the time of preparing the financial statements, this assessment has not been undertaken.

# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### NOTE 6: EARNINGS PER SHARE

	30 June 2020 \$	30 June 2019 \$
Profit/(loss) for the year	(15,669,186)	(5,433,896)
Weighted average number of ordinary shares at 30 June	6,264,740,255	2,652,563,140
Earnings/(loss) per share – cents	(0.25)	(0.20)

### NOTE 7: CASH AND CASH EQUIVALENTS

	30 June 2020 \$	30 June 2019 \$
Cash at bank	488,608	135,123

### NOTE 8: TRADE AND OTHER RECEIVABLES

	30 June 2020 \$	30 June 2019 \$
<b>Current</b>		
Receivable from Independence Group NL (ii)	-	330,000
Other receivables	191,053	248,553
Bonds and security deposits	41,270	20,000
Less: Provision for doubtful debt	(132,378)	(132,375)
	99,945	466,178

As at 30 June 2020 trade and other receivables do not contain any impaired assets.

- (i) The Company is in the process to lodge for Research & Development Rebate for 2019/20, however as the amount is uncertain, no accruals has been made in relation to the rebate as at 30 June 2020.
- (ii) During the period, the Company received an initial cash payment related to the Earn in and Joint agreement over Fraser Range tenements with Independence Newsearch Pty Ltd of \$300,000 + GST.

### NOTE 9: OTHER ASSETS

	30 June 2020 \$	30 June 2019 \$
<b>Current</b>		
Prepaid Expenses	167,071	90,314
	167,071	90,314

During the year, the Company has capitalised some insurance, prepaid rents related to tenements, license subscriptions, and digital marketing expenses. There was no prepaid Directors fees as at 30 June 2020 (2019: \$16,600 to Frederick Salkanovic).



# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### NOTE 10: EXPLORATION AND EVALUATION ASSETS

#### Current

Forrestania project (i)  
Fraser Range Project - Acquisition Costs (ii)  
Kat Gap tenements (iii)

30 June 2020 \$	30 June 2019 \$
1,250,000	1,250,000
250,000	-
326,540	300,000
1,826,540	1,550,000

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phase is dependent on the successful development and commercial exploitation or sale of the respective areas.

- (i) The Company entered into an agreement to acquire 80% gold rights in 5 exploration licences and 2 prospecting licences, collectively known as the Forrestania Gold Project. The acquisition was completed on 22 August 2017, with the payment of the consideration, being the issue of 85,000,000 shares.
- (ii) The Company entered into an option agreement dated 5 September 2018 the agreement with X Minerals Pty Ltd to acquire the tenements and mining interest in E28/2811 and E28/2812. On 7 November 2019 the Company agree to a proposal from X Minerals Pty Ltd dated 28 October 2019 and opted to execute the options and agreed to purchase the tenements and mining interests in those tenements for consideration of \$45,000 in cash and \$205,000 in shares through the issuance of 102,500,000 shares at \$0.002 per shares. Those shares were issued on 22 November 2019.
- (iii) On 5 July 2017, the Company signed an agreement with Sulphide Resources Pty Ltd to acquire 100% interest in two exploration licences – E74/422 and E74/467 also known as the Kat Gap project. Under this agreement, the Company paid an Option Fee of \$55,000 (GST inclusive) and has the right to purchase the tenements within 18 months for a further consideration of \$250,000. Additionally, the Company must spend \$140,000 on the tenements during the option period. The company has paid the \$250,000 and acquired the full ownership of the tenement.

### NOTE 11: PLANT AND EQUIPMENT

	Plant & Equipment \$	Motor Vehicle under Hire Purchase \$	Motor Vehicles, Caravans and Quad Bikes \$	TOTAL \$
<b>Gross Carrying Amount</b>				
Balance at 30 June 2019	194,007	139,853	133,874	467,734
Additions	223,375	-	394,443	617,818
Disposals	-	-	(66,883)	(66,883)
Write-offs	-	-	-	-
<b>Balance at 30 June 2020</b>	<b>417,382</b>	<b>139,853</b>	<b>461,434</b>	<b>1,018,669</b>
<b>Accumulated Depreciation</b>				
Balance at 30 June 2019	83,822	97,130	116,047	296,999
Depreciation	36,591	17,451	38,877	92,919
Disposals	-	-	-	-
Write-offs	-	-	(55,982)	(55,982)
<b>Balance at 30 June 2020</b>	<b>120,413</b>	<b>114,581</b>	<b>98,942</b>	<b>333,936</b>
<b>Net Book Value</b>				
As at 30 June 2019	110,185	42,723	17,827	170,735
<b>As at 30 June 2020</b>	<b>296,969</b>	<b>25,272</b>	<b>362,492</b>	<b>684,733</b>

# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### NOTE 12: OTHER NON CURRENT ASSETS

#### Non-Current

Bond on tenements

30 June 2020 \$	30 June 2019 \$
4,142	3,642
4,142	3,642

### NOTE 13: TRADE AND OTHER PAYABLES

#### Current

Trade and other creditors (i)

Shares to be issued

Deed of termination (ii)

Accruals

Accruals – accrued interest on loans from shareholders

Accrual – outstanding salaries

30 June 2020 \$	30 June 2019 \$
1,808,764	1,483,249
205,000	-
750,000	-
318,020	518,027
125,376	-
30,139	43,484
3,237,299	2,044,760

(i) Trade payables are non-interest bearing and are normally settled on 30-60 day terms. As at 30 June 2020, the amount of trade payables was \$1,523,632 and the amount exceeding normal trading terms totalling \$595,018.

(ii) This relates to the termination of the Royalty Agreement with Stock Assist Group Pty Ltd

### NOTE 14: PROVISIONS

#### Current

Provision for annual leave

30 June 2020 \$	30 June 2019 \$
79,588	86,573
79,588	86,573

### NOTE 15: BORROWINGS

#### Current

Loans from shareholders (i)

Hire purchase contract (ii)

Loan from Radium Capital (R&D) (iii)

Loans from Iqumulate and Hunter Premium Funding (Insurance)

Lease liability - Current (iv)

30 June 2020 \$	30 June 2019 \$
751,048	732,005
-	40,503
1,058,252	-
62,881	-
54,894	-
1,927,075	772,508

#### Non-Current

Lease liability - Non-Current (iv)

30 June 2020 \$	30 June 2019 \$
81,070	-

(i) As at 30 June 2020, short term loans of \$751,048 (2019: \$732,005) represents amounts payable by the Company to two of its shareholders. The short-term loans are secured against the Company's assets under Personal Property Securities Register (PPSR) other than each R&D Refund, the proceeds of each R&D Refund and the Grantor's Rights to apply for or obtain each R&D Refund, and accrue interest of 3% per month from May 2020, previously 10% per month. The loans are payable on the 3 October 2020 and 20 October 2020.

(ii) The hire purchase contract is secured by a motor vehicle, and was repaid during the year.

(iii) On 21 April 2020, the Company signed facility of \$1,031,000 agreement with Radium Capital. The total outstanding as of 30 June 2020 is \$1,058,252. The facility will mature on 30 November 2020. This facility was advanced against the expected R&D refund from the ATO on or before 30 September 2020 and carries an interest rate of 15% p.a.

(iv) Refer to note 17 for further details on adoption of AASB 16 Leases.

# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### NOTE 15: BORROWINGS (continued)

Movement of borrowings 30 June 2020	Opening balance \$	Cash inflow \$	Cash outflow \$	Interest \$	Transactions cost \$	Non-cash movements				Closing balance \$
						Shares Issued \$	Options issued \$	Credit provided \$	Others \$	
Loans from shareholders	732,005	1,262,500	(1,680,706)	914,136 (i)	540,826	(629,987)	(383,226)	-	(4,500)	751,048
Hire purchase contract	40,503	-	(41,441)	938	-	-	-	-	-	-
Loan from Radium Capital (R&D)	-	1,010,380	-	27,252	20,620	-	-	-	-	1,058,252
Loans from Iqumulate and Hunter Premium Funding (Insurance)	-	-	(41,920)	-	-	-	-	104,801	-	62,881
Lease liability	-	-	(59,972)	8,534	-	-	-	187,402	-	135,964
<b>Total borrowings</b>	<b>772,508</b>	<b>2,272,880</b>	<b>(1,824,039)</b>	<b>950,860</b>	<b>561,446</b>	<b>(629,987)</b>	<b>(383,226)</b>	<b>292,203</b>	<b>(4,500)</b>	<b>2,008,145</b>

(i) Excludes accrued interest on loans from shareholders of \$125,376 (Note 13)

# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### NOTE 16: ISSUED CAPITAL

#### Ordinary shares

	30 June 2020 \$	Number of Shares
At the beginning of the reporting year	24,482,958	3,005,719,906
Share based payments (refer to Note 26)	7,099,291	2,826,972,521
Shares issued from last year advance at 0.1 cents	-	373,660,000
Shares issued at 0.1 cents (July 2019)	100,340	100,340,000
Shares issued at 0.1 cents (August 2019)	269,000	269,000,000
Shares issued at 0.1 cents (September 2019)	200,000	200,000,000
Shares issued at 0.15 cents (September 2019)	300,000	200,000,000
Options exercise at 0.2 cents (October 2019)	70,000	35,000,000
Shares issued at 0.2 cents (October 2019)	30,000	15,000,000
Shares issued at 0.25 cents (October 2019)	487,500	195,000,000
Shares issued at 0.2 cents (November 2019)	50,000	25,000,000
Shares issued at 0.25 cents (November 2019)	612,500	245,000,000
Options exercise at 0.2 cents (December 2019)	210,000	105,000,000
Shares issued at 0.2 cents (December 2019)	202,500	101,250,000
Shares issued at 0.25 cents (December 2019)	200,000	80,000,000
Shares issued at 0.2 cents (February 2020)	300,000	150,000,000
Shares issued at 0.1 cents (May 2020)	786,000	786,000,000
Shares issued at 0.1 cents (June 2020)	640,000	640,000,000
Value of options exercised	157,846	-
Share base entry for difference between market value of shares and the value of the creditors paid	80,000	-
Less: expenses related to capital raising	(411,897)	-
At the end of the reporting year	35,866,038	9,352,942,427

#### Ordinary shares

	30 June 2019 \$	Number of Shares
At the beginning of the reporting year	20,262,695	1,874,239,444
Share based payments (refer to Note 26)	1,629,903	492,752,685
Share Capital issued at 0.4 cents (July 2018)	61,200	369,500,000
Share Capital issued at 0.45 Cents (August / September / November 2018)	2,150,000	477,777,777
Share Capital issued at 0.25 cents (December 2018 / February 2019)	110,000	44,000,000
Share Capital issued at 0.125 cents (February 2019)	100,000	80,000,000
Application Funds received in advance	299,849	-
Share base entry for difference between market value of shares and the value of the creditors paid	7,311	-
Less: expenses related to capital raisings	(138,000)	-
At the end of the reporting year	24,482,958	3,005,719,906

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### NOTE 16(a): RESERVE

Options	Date Issued	Note	\$	Number of Options
<i>As at 1 July 2018</i>			-	-
Options issued with an exercise price of 0.7 cents (expiry 5 November 2021)	24/12/2018		2,000	20,000,000
Options issued with an exercise price of 0.2 cents (expiry 1 March 2022)	28/02/2019		4,000	40,000,000
Options issued with an exercise price of 0.2 cents (expiry 3 June 2022)			16,655	-
Options issued with an exercise price of 0.2 cents (expiry 1 March 2022)			142,268	-
<i>As at 30 June 2019</i>			164,923	60,000,000
Options issued with an exercise price of 0.2 cents (expiry: 1 March 2022)	15/07/2019	(i)	-	145,490,352
Options issued with an exercise price of 0.2 cents (expiry: 1 March 2022)	05/08/2019	(ii)	9,475	15,000,000
Options issued with an exercise price of 0.2 cents (expiry: 1 March 2022)	27/09/2019	(iii)	-	80,000,000
Exercise of options at 0.2 cents	15/10/2019		(11,475)	(35,000,000)
Free attaching options issued with an exercise price of 0.7 cents (expiry: 5 November 2021)	08/11/2019		-	79,333,334
Options issued with an exercise price of 0.2 cents (expiry: 1 March 2022)	22/11/2019	(iv)	597,214	160,000,000
Exercise of options at 0.2 cents	12/12/2019		(143,871)	(105,000,000)
Options issued with an exercise price of 0.2 cents (expiry: 1 March 2022)	27/12/2019	(v)	148,859	50,000,000
Options issued with an exercise price of 0.2 cents (expiry: 1 March 2022)	24/03/2020	(v)	45,686	50,000,000
Options issued with an exercise price of 0.2 cents (expiry: 1 March 2022)	18/06/2020	(v)	194,565	100,000,000
Free attaching options issued @\$0.0001 per option with an exercise price of 0.2 cents (expiry: 1 March 2022)	18/06/2020		41,800	458,000,000
At the end of reporting year			1,047,176	1,057,823,686

- (i) Relates to options issued for repayment of debt approved by shareholders on 27 June 2019 of which the value is reflected within the opening balance as at 1 July 2019. Refer to note 16(a) in the 30 June 2019 annual report.
- (ii) Relates to options issued for financing activities pursuant to a mandate dated 4 of March 2019. As at 30 June 2019 the terms of the options were subject to further negotiation and were accrued for as a liability. Refer to note 16(a) in the 30 June 2019 annual report.
- (iii) Financier options approved by shareholders on 27 June 2019 of which the value is reflected within the opening balance as at 1 July 2019. Refer to note 16(a) in the 30 June 2019 annual report.
- (iv) Relates to 160,000,000 options issued to financiers pursuant to mandates entered into during 30 June 2019. These were approved by shareholders on 27 June 2019 however were subject to further negotiations and were accrued for as a liability as at 30 June 2019. Subsequently, shareholder approval was obtained on 22 November 2019 and were accordingly the options were re-valued using the Black-Scholes option-pricing model with the inputs in the table below. \$597,214 represents the difference between the fair value of \$613,369 and the balances recorded as at 30 June 2019.
- (v) Establishment options issued to Whead Pty Ltd as part of a financing facility and were valued using the Black-Scholes option-pricing model with the inputs in the table below.

# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### NOTE 16(a): RESERVE (continued)

The valuation of the options was based on the following key inputs:

Input	Financing options 22/11/2019	Establishment options 27/12/2019	Establishment options 24/03/2020	Establishment options 18/06/2020
Number of options	160,000,000	50,000,000	50,000,000	100,000,000
Grant date share price	\$0.004	\$0.003	\$0.001	\$0.002
Exercise price	\$0.002	\$0.002	\$0.002	\$0.002
Expected volatility	253%	254%	271%	339%
Risk-free interest rate	0.9%	0.9%	0.30%	0.26%
Dividend yield	Nil	Nil	Nil	Nil
Fair value	\$613,369	\$148,859	\$45,686	\$194,565

There has been no alteration of the terms and conditions of the above share-based payment arrangement since grant date.

The following table illustrates the number and weighted average exercise prices of and movements in share options issued during the year:

	30 June 2020		30 June 2019	
	Number	Weighted average exercise price (cents)	Number	Weighted average exercise price (cents)
Outstanding at the beginning of year	60,000,000	0.37	-	-
Granted during the year	1,137,823,686	0.23	60,000,000	0.37
Forfeited during the year	-	-	-	-
Exercised during the year	(140,000,000)	0.20	-	-
Expired during the year	-	-	-	-
Outstanding at the end of year	1,057,823,686	0.24	60,000,000	0.37
Exercisable at the end of year	1,057,823,686	0.24	60,000,000	0.37

The weighted average remaining contractual life for the share-based payment options outstanding as at 30 June 2020 was 1.65 years (2019: 2.57 years).

The weighted average fair value of options granted during the year was 0.09 cents (2019: 0.01 cents)

The following share options were exercised during the year ended 30 June 2020.

Options exercised	30 June 2020		
	Exercise date	Expiry Date	Share price at exercise date (cents)
35,000,000	15/10/2019	01/03/2022	0.20
105,000,000	03/12/2019	01/03/2022	0.20

No options were exercised during the year ended 30 June 2019.

# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### NOTE 16(a): RESERVE (continued)

#### Performance rights

During the year the following performance rights were issued:

Class of Performance Rights	Performance Conditions	Expiry
Class A 150,000,000 performance rights issued	50,000,000 performance rights will vest if a VWAP equal to 33.33% above the closing price of ordinary shares at the date of grant is achieved; 50,000,000 performance rights will vest if a VWAP equal to 100% above the closing price of ordinary shares at the date of grant is achieved; 50,000,000 performance rights will vest if a VWAP equal to 166.66% above the closing price of ordinary shares at the date of grant is achieved.	31/12/20
Class B 405,000,000 performance rights issued	Tranche 1 – 135,000,000 performance rights will vest if both of the following conditions are satisfied: A VWAP equal to 33.33% above the closing price of ordinary shares at the date of grant is achieved; and Announcement of a JORC Code inferred mineral resources of at least 250,000 oz of gold, at a minimum grade of at least 1g/t in respect of a Company project;  Tranche 2 – 135,000,000 performance rights will vest if both of the following conditions are satisfied: A VWAP equal to 100% above the closing price of ordinary shares at the date of grant is achieved; and Announcement of a JORC Code inferred mineral resources of at least 300,000 oz of gold, at a minimum grade of at least 1g/t in respect of a Company project;  Tranche 3 – 135,000,000 performance rights will vest if both of the following conditions are satisfied: A VWAP equal to 166.66% above the closing price of ordinary shares at the date of grant is achieved; and Announcement of a JORC Code inferred mineral resources of at least 350,000 oz of gold, at a minimum grade of at least 1g/t in respect of a Company project.	31/12/20

# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### NOTE 16(a): RESERVE (continued)

Class C	Tranche 1 – 50,000,000 performance rights will vest if both of the following conditions are satisfied:	31/12/20
150,000,000 performance rights issued	<p>A VWAP equal to 33.33% above the closing price of ordinary shares at the date of grant is achieved; and</p> <p>Announcement of a JORC Code inferred mineral resources of at least 250,000 oz of gold, at a minimum grade of at least 1g/t in respect of a Company project;</p> <p>Tranche 2 – 50,000,000 performance rights will vest if both of the following conditions are satisfied:</p> <p>A VWAP equal to 100% above the closing price of ordinary shares at the date of grant is achieved; and</p> <p>Announcement of a JORC Code inferred mineral resources of at least 300,000 oz of gold, at a minimum grade of at least 1g/t in respect of a Company project;</p> <p>Tranche 3 – 50,000,000 performance rights will vest if both of the following conditions are satisfied:</p> <p>A VWAP equal to 166.66% above the closing price of ordinary shares at the date of grant is achieved; and</p> <p>Announcement of a JORC Code inferred mineral resources of at least 350,000 oz of gold, at a minimum grade of at least 1g/t in respect of a Company project.</p>	

The valuation of the performance rights was based on the Hoadleys Hybrid ESO Model with the following key inputs:

	Class A Performance Rights			Class B Performance Rights			Class C Performance Rights		
	Tranche 1	Tranche 2	Tranche 3	Tranche 1	Tranche 2	Tranche 3	Tranche 1	Tranche 2	Tranche 3
Expected volatility	300%	300%	300%	300%	300%	300%	300%	300%	300%
Risk-free rate	1%	1%	1%	1%	1%	1%	0.98%	0.98%	0.98%
Grant date	06/11/19	06/11/19	06/11/19	06/11/19	06/11/19	06/11/19	24/12/19	24/12/19	24/12/19
Grant date share price	\$0.003	\$0.003	\$0.003	\$0.003	\$0.003	\$0.003	\$0.0025	\$0.0025	\$0.0025
Share price target	\$0.004	\$0.006	\$0.008	\$0.004	\$0.006	\$0.008	\$0.0033	\$0.005	\$0.0067
Exercise multiple	1.9	1.9	1.9	1.9	1.9	1.9	2.8	2.8	2.8
Dividend yield	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total Fair Value	\$145,000	\$140,000	\$140,000	\$391,500	\$378,000	\$378,000	\$140,000	\$130,000	\$125,000

The total share-based payment expense relating to performance rights based on vesting conditions to 30/06/2020 is \$1,967,500.



# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### NOTE 16(a): RESERVE (continued)

This reserve is used to recognise the value of options and performance rights issued as share-based payments.

Reconciliation of reserve:

	<i>30 June 2020</i> \$	<i>30 June 2019</i> \$
Options	1,047,176	164,923
Performance Rights	1,967,500	-
<b>Share based payment reserve</b>	<b>3,014,676</b>	<b>164,923</b>

	Note	<i>30 June 2020</i> \$	<i>30 June 2019</i> \$
Share based payment for difference between market value of shares issued and the value of creditors paid	16	2,408,531	10,761
Performance rights granted during the year	16(a)	1,967,500	-
Options granted during the year	16(a)	511,940	69,842
<b>Total Share based payment expense</b>		<b>4,887,971</b>	<b>80,603</b>

# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### NOTE 17: EFFECTS OF ADOPTION OF AASB 16 LEASES

This note explains the impact of the adoption of AASB 16 Leases on the Company's financial statements and discloses the new accounting policies that have been applied from 1 July 2019. The Company has adopted AASB 16 retrospectively from 1 July 2019, but has not restated comparatives for the 30 June 2019 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019.

On adoption of AASB 16, the Company recognised lease liabilities in relation to leases which had previously been classified as operating leases under AASB 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessees' incremental borrowing rate as at 1 July 2019. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 6.5%. The associated right-of-use asset was measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

For leases that were classified as finance leases under AASB 117, the carrying amount of the right of use asset and lease liability at 1 July 2019 are determined at the carrying amount of the lease asset and lease liability under AASB 117 immediately before that date.

The following table provides a reconciliation of the operating lease commitments as disclosed in the 30 June 2019 financial report to the expected total lease liability to be recognised at 1 July 2019:

	\$
Rental lease commitments as at 30 June 2019	23,693
Discounted using the incremental borrowing rate	23,375
Add: Costs of reasonably certain extension options	162,039
<b>Lease liabilities recognised at 1 July 2019</b>	<b>185,414</b>
	\$
Split between:	
Current lease liabilities	49,449
Non-current lease liabilities	135,965
	<b>185,414</b>

The recognised right-of-use assets were as follows:

	30 Jun 2020	1 July 2019
<b>Right of Use Assets</b>		
Properties	129,791	185,414

## CLASSIC MINERALS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

#### NOTE 17: EFFECTS OF ADOPTION OF AASB 16 LEASES (continued)

The change in accounting policy affected the following items in the balance sheet on 1 July 2019:

- Lease liabilities – increase by \$185,414
- Right-of-use assets – increase by \$185,414

#### *Practical expedients applied*

In applying AASB 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- To measure the right of use asset on transition at an amount equal to the lease liability (as adjusted for prepaid or accrued lease payments);
- To use hindsight in determining the lease term where lease contracts include options to extend or terminate the lease;
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.

#### *The Company's leasing activities and how these are accounted for*

The Company leases commercial property as their head office. Until the 2019 financial year, leases of commercial properties were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term, the right-of-use asset is amortised over the asset's useful life on a straight-line basis. Otherwise, the right-of-use asset is amortised over the shorter of the asset's useful life and the lease term on a straight-line basis.

#### NOTE 18: EXPENDITURE COMMITMENTS

##### (a) Exploration Expenditure Commitments

##### Payable

	30 June 2020 \$	30 June 2019 \$
Not later than 1 year	609,095	390,324
More than 1 year but not later than 5 years	6,169,847	232,498
Greater than 5 years	1,351,178	-
	8,130,119	622,822

##### (b) Capital Expenditure Commitments

On 20th July 2020, the Company announced that it has secured a Gekko gold gravity processing plant to be used for future on site processing of gold ore at its Kat Gap Gold Project. The agreed value of the contract is approximately \$3.9 million.

## CLASSIC MINERALS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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#### NOTE 19: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

##### Earn in and Joint Venture Agreement

The Company entered into an Earn in and Joint Venture Agreement over the Company's Fraser Range tenements, with Independence Newsearch Pty Ltd, a 100% owned subsidiary of Independence Group NL on 17th June 2019. Under the terms of a mandate with Argonaut, 1.5% of any exploration expenditure as defined in the Independence Newsearch Pty Ltd earn-in and joint venture agreement, will be payable by the Company as and when that exploration expenditure is incurred but excluding the first \$640,000 exploration expenditure associated with the first earn-in period.

Key commercial terms of the Agreement are:

- Initial cash payment to Classic of A\$300,000;
- Independence can elect to earn a 51% interest in the project by expending A\$1,500,000 on exploration over two years (first earn in period);
- Minimum expenditure of A\$640,000 must be incurred prior to Independence withdrawing;
- At the end of the first earn in period, having made a further cash payment of A\$500,000, Independence can elect to:
  - o form a joint venture (49% Classic / 51% Independence)
  - o increase its interest to 70% by a further A\$1,000,000 of expenditure over two years
  - o be granted an option to buy out Classics 49% interest for A\$2,250,000 and a 1% net smelter royalty.
- If Independence elects to earn a 70% interest in the project, Classic will be free carried to the completion of a pre-feasibility study; or
- If Independence elects to buy-out Classic, then Classic would have received aggregate value of A\$4,550,000, in cash and tenement expenditure, plus will retain a 1% net smelter royalty from this transaction.

##### Royalties

The company purchased Fraser Range tenements and mineral interest (E28/2811 and E28/2812) from X Minerals Pty Ltd on 7 November 2019. X Minerals Pty Ltd will retain a 2% Net Smelter Return royalty until future dealing.

The sale of the Doherty's project was concluded on 5 July 2017. Classic will receive a 7.5% Net Smelter Return royalty from production.

##### Standby Subscription facility agreement

On 19 September 2017, the Company by mutual agreement amended the terms of its Standby Subscription Agreement with Stock Assist Group Pty Ltd. The Facility arrangement has been increased from \$1,000,000 to \$5,000,000. Under the Facility the Investor agrees to subscribe for shares if requested by the Company subject to the terms and conditions of this Facility. There were no drawings under this facility for the year ended 30 June 2020. This facility will end on 19 September 2022.

#### NOTE 20: SEGMENT REPORTING

The Company operates predominantly in the mineral exploration industry in Australia. For management purposes, the Company is organised into one main operating segment which involves the exploration of minerals in Australia. All of the Company's activities are interrelated and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Company's as one segment. The financial results from this segment are equivalent to the financial statements of the Company's as a whole.

# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### NOTE 21: STATEMENT OF CASH FLOWS

	30 June 2020 \$	30 June 2019 \$
<b>a. Reconciliation of the net loss after income tax to net cash flows from operating activities</b>		
Net profit/(loss) for the year	(15,669,186)	(5,433,896)
<b>Non-cash Items</b>		
Depreciation and amortisation expense	148,544	56,375
Share based payments <sup>1</sup>	9,949,044	1,629,903
Share based payments expense		
Provision for expected credit losses	-	206,546
Settlement of a bonus payable to KMP via the disposal of a motor vehicle	8,060	85,000
Miscellaneous assets written off	25,000	1,291
Loss on asset disposal	2,331	46,562
Shares yet to be issued	205,000	46,500
<b>Changes in assets and liabilities</b>		
(Increase)/decrease in trade and other receivables	(36,233)	979,894
(Increase)/decrease in other assets	77,257	(22,636)
Increase/(decrease) in trade creditors and other payables	1,225,611	532,746
Increase/(decrease) in provisions	(6,985)	(10,299)
Cash outflows from operations	(4,071,557)	(1,882,014)

<sup>1</sup> During the year, non-cash share-based payments amounted to \$9,949,044 (2019: \$1,629,903). Of these, \$9,579,044 (2019: \$1,327,771) related to operating activities. Other share-based payments in relation to financing and investing activities were:

Investing:

- Purchase of plant and equipment of \$20,000 (2019: nil)

Financing:

- Settlement of loans payable of \$350,000 (2019: \$302,132)

### b. Reconciliation of cash and equivalents

	30 June 2020 \$	30 June 2019 \$
Cash and equivalents comprise		
- cash at bank and in hand	488,608	135,123

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

Short term deposits are made for varying years of between one day and three months depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates.

## CLASSIC MINERALS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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#### NOTE 22: KEY MANAGEMENT PERSONNEL DISCLOSURES

	<i>30 June 2020</i> \$	<i>30 June 2019</i> \$
Compensation of key management personnel by category		
Short-term employee benefits	823,405	736,100
Post employment benefits	-	19,101
Share-based payment	820,000	63,500
	<u>1,643,405</u>	<u>818,701</u>

Refer to the Remuneration report contained in the Director's Report for details of the remuneration paid to each member of the Company's Key Management Personnel, shares and option holdings.

#### NOTE 23: RELATED PARTY TRANSACTIONS

Transactions with Directors, Director Related Entities and other Related Entities are:

##### 2020

The Board adopted a Performance Rights Plan, which was approved by shareholders, at the General Meeting of the Company held on 24 December 2019 (refer to Note 16(a)).

Mr. Goodwin is entitled to up to \$540,000 + GST for the work between 5 July 2019 and 31 December 2020 related to the establishment of the resources, a formal contract is in place stipulating the roles and responsibilities of a CEO.

##### 2019

During the year ended 30 June 2019, the company signed a formal contract with the Chairman, Mr John Lester amounting to \$100,000 per annum payable effective from 1<sup>st</sup> January 2019 as retainer fees.

During the year, the Company paid a bonus to Mr Dean Goodwin amounting to \$85,000 through the transfer of a motor vehicle in lieu of cash payment. Mr. Goodwin is entitled to \$1,200 + GST fees for days worked.

## CLASSIC MINERALS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

#### NOTE 24: FINANCIAL RISK MANAGEMENT AND POLICIES

The Company's activities expose it to a variety of financial risks: market risk (interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company does not use derivative financial instruments; however the Company uses different methods to measure different types of risk to which it is exposed.

Risk management is carried out by the Board of Directors with assistance from suitably qualified external advisors when required. The Board provides written principles for overall risk management and further policies will evolve commensurate with the evolution and growth of the Company.

The carrying value of the Company's financial instruments are as follows:

	30 June 2020 \$	30 June 2019 \$
<b>Financial assets</b>		
Cash and cash equivalents	488,608	135,123
Trade and other receivables	99,945	577,324
	588,553	712,447
<b>Financial liabilities</b>		
Trade and other payables	3,237,299	2,044,760
Borrowings	2,008,145	772,508
	5,245,444	2,817,268

The Company's principal financial instruments comprise cash and trade and other receivables. The Company has borrowings and a hire purchase liability for a motor vehicle and trade and other payables in the normal course of business.

The main purpose of these financial instruments is to fund the Company's operations.

It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Company are cash flow (interest rate risk, liquidity risk and credit risk). The Board reviews and agrees policies for managing each of these risks and they are summarised below.

**(a) Market risk**

**(i) Foreign exchange risk**

The Company's exposure to foreign exchange risk arising from currency exposures is limited.

**(ii) Cash flow and interest rate risk**

The Company's only interest rate risk arises from cash and cash equivalents held. Term deposits and current accounts held with variable interest rates expose the Company to cash flow interest rate risk. The Company does not consider this to be material and has therefore not undertaken any further analysis of risk exposure.

# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### NOTE 24: FINANCIAL RISK MANAGEMENT AND POLICIES (continued)

#### (b) Credit risk

Credit risk is managed by the Board and arises from cash and cash equivalents as well as credit exposure including outstanding receivables and committed transactions.

All cash balances held at banks are held at internationally recognised institutions.

The maximum exposure to credit risk at reporting date is the carrying amount of the trade and other receivables. The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about default rates.

Financial assets that are neither past due and not impaired are as follows:-

	30 June 2020 \$	30 June 2019 \$
<b>Cash and cash equivalents</b>		
AA S&P rating	488,608	135,123
<b>Trade and Other receivables</b>		
Unsecured	99,945	466,178

#### (c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash balances and access to equity funding.

The Company's exposure to the risk of changes in market interest rates relate primarily to cash assets and floating interest rates. The Company does not have significant interest-bearing assets and is not materially exposed to changes in market interest rates.

The directors monitor the cash-burn rate of the Company on an on-going basis against budget and the maturity profiles of financial assets and liabilities to manage its liquidity risk.

The financial liabilities the Company had at reporting date were trade payables incurred in the normal course of the business, a hire purchase liability and borrowings.

The following table sets out the carrying amount, by maturity, of the financial assets and liabilities:

Year ended 30 June 2020	<1 year	1 - 5 Years	Over 5 Years	Total contractual cashflows	Weighted average effective interest rate %
<b>Financial Assets:</b>					
Cash and Cash equivalents	488,608	-	-	488,608	-
Trade and other Receivables	99,945	-	-	99,945	-
	588,553	-	-	588,553	
<b>Financial Liabilities:</b>					
Trade and other payables	3,237,299	-	-	3,237,299	-
Borrowings	1,927,075	81,070	-	2,008,145	-
	5,164,374	81,070	-	5,245,444	



# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### NOTE 24: FINANCIAL RISK MANAGEMENT AND POLICIES (continued)

#### (c) Liquidity risk (continued)

Year ended 30 June 2019	<1 year	1 - 5 Years	Over 5 Years	Total contractual cashflows	Weighted average effective interest rate %
Financial Assets:					
Cash and Cash equivalents	135,123	-	-	135,123	-
Trade and other Receivables	466,178	-	-	466,178	-
	601,301	-	-	601,301	
Financial Liabilities:					
Trade and other payables	2,044,760	-	-	2,044,760	-
Hire purchase liabilities	40,502	-	-	40,502	-
Borrowings	732,005	-	-	732,005	-
	2,817,267	-	-	2,817,267	

#### (d) Fair value estimation

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short term nature.

The fair value of long term borrowings is not materially different from their carrying value.

The Company's principle financial instruments consist of cash and deposits with banks, accounts receivable, trade payables and borrowings. The main purpose of these non-derivative financial instruments is to finance the Company's operations.

#### (e) Capital risk

The Company determines capital to be the equity as shown in the statement of financial position plus net debt (being total borrowings less cash and cash equivalents).

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

During 2019, the Company's strategy, which has remained unchanged from 2017 and 2018, borrowed funds on a short-term basis to assist in its exploration activities. The company's equity management is determined by funds required to undertake its research & development activities and meet its corporate and other costs.

# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### NOTE 25: SUBSEQUENT EVENTS

On 23 July 2020 the Company issued 549,200,000 shares and 100,000,000 options. The Company raised \$670,000 in cash and \$64,000 as debt settlement. \$205,000 of the above cash was received before 30 June 2020.

On 12 August 2020, the Company had issued 437,542,856 shares and received of \$332,134 in cash and \$356,250 as debt settlement.

On 14 August 2020 the Company issued 665,153,518 shares and additional 37,832,090 shares issued for options exercised. The Company received \$25,000 in cash and \$653,750 as debt settlement.

The Share Purchase Plan was closed on 5 August 2020, and the Company raised \$3,992,938 out of the maximum permitted amount of \$4,000,000.

The Company conducted extensive metallurgical studies on the characteristics of the ore and determined the processing pathway to recover the gold from the Kat Gap gold project. The Company focuses on preparing Kat Gap Gold Project for production and has announced the purchase of a Gekko gravity concentration processing plant with 30 tph of capacity. It was expected the cost for the processing plant will be around \$3.9 million.

There have been no other matters or circumstances that have arisen since 30 June 2020 that have or may significantly affect the operations, results, or state of affairs of the Company in future financial years.

### NOTE 26: SHARE BASED PAYMENTS

Shares granted to creditors and advisers as share based payments during the year are as follows:

30 June 2020 Issued for	Grant Date	Vesting Date	Number of shares	Value (\$)
Creditor's repayment	15/07/2019	15/07/2019	341,300,000	341,300
Creditor's repayment	2/08/2019	2/08/2019	113,000,000	226,000
Director's fee	26/08/2019	26/08/2019	150,000,000	300,000
Creditor's repayment	9/09/2019	9/09/2019	69,300,000	207,900
Creditor's repayment	9/09/2019	9/09/2019	73,500,000	220,500
Creditor's repayment	15/10/2019	15/10/2019	5,000,000	15,000
Asset repayment	22/10/2019	22/10/2019	10,000,000	20,000
Royalty extinguishment	22/10/2019	22/10/2019	400,000,000	1,200,000
Creditor's repayment	22/10/2019	22/10/2019	26,000,000	78,000
Creditor's repayment	22/11/2019	22/11/2019	70,000,000	280,000
Royalty extinguishment	22/11/2019	22/11/2019	250,000,000	1,000,000
Exploration assets	22/11/2019	22/11/2019	102,500,000	410,000
Creditor's repayment	22/11/2019	22/11/2019	55,520,000	222,080
Royalty extinguishment	24/12/2019	24/12/2019	250,000,000	750,000
Creditor's repayment	24/12/2019	24/12/2019	16,700,000	50,100
Creditor's repayment	24/12/2019	24/12/2019	103,333,333	310,000
Creditor's repayment	30/12/2019	30/12/2019	30,000,000	120,000
Creditor's repayment	29/02/2020	29/02/2020	36,000,067	72,000
Borrowing repayment	26/03/2020	26/03/2020	100,000,000	100,000
Creditor's repayment	26/03/2020	26/03/2020	52,712,567	52,713
Creditor's repayment	26/03/2020	26/03/2020	20,515,000	20,515
Creditor's repayment	11/05/2020	11/05/2020	20,000,000	40,000
Borrowing repayment	18/06/2020	18/06/2020	250,000,000	500,000
Creditor's repayment	18/06/2020	18/06/2020	281,591,554	563,183
			<b>2,826,972,521</b>	<b>7,099,291</b>

# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### NOTE 26: SHARE BASED PAYMENTS (continued)

30 June 2019

Issued for	Grant Date	Vesting Date	Number of shares	Value (\$)
Share placement	4/07/2018	4/07/2018	85,000,000	340,000.00
Borrowing repayment	13/08/2018	13/08/2018	12,613,796	50,455.18
Borrowing repayment	13/08/2018	13/08/2018	10,000,000	40,000.00
Borrowing repayment	4/09/2018	4/09/2018	7,572,553	34,076.49
Creditor's repayment	4/09/2018	4/09/2018	3,111,111	14,000.00
Creditor's repayment	4/09/2018	4/09/2018	2,222,222	10,000.00
Borrowing repayment	4/09/2018	4/09/2018	10,000,000	45,000.00
Creditor's repayment	4/09/2018	4/09/2018	6,000,000	27,000.00
Borrowing repayment	4/09/2018	4/09/2018	12,000,000	54,000.00
Borrowing repayment	4/09/2018	4/09/2018	1,000,000	4,500.00
Borrowing repayment	16/11/2018	16/11/2018	9,800,000	44,100.00
Creditor's repayment	16/11/2018	16/11/2018	7,990,150	39,950.75
Creditor's repayment	16/11/2018	16/11/2018	15,160,000	75,800.00
Creditor's repayment	16/11/2018	16/11/2018	11,088,000	55,440.00
Creditor's repayment	16/11/2018	16/11/2018	3,972,000	19,860.00
Creditor's repayment	16/11/2018	16/11/2018	10,822,222	54,111.11
Borrowing repayment	27/12/2018	27/12/2018	6,000,000	15,000.00
Creditor's repayment	27/12/2018	27/12/2018	71,672,727	394,200.00
Creditor's repayment	28/02/2019	28/02/2019	12,151,904	15,189.88
Creditor's repayment	28/02/2019	28/02/2019	13,633,600	17,042.00
Creditor's repayment	28/02/2019	28/02/2019	8,966,400	11,208.00
Creditor's repayment	28/02/2019	28/02/2019	760,000	950
Creditor's repayment	28/02/2019	28/02/2019	2,440,000	3,050.00
Creditor's repayment	28/02/2019	28/02/2019	800,000	1,000.00
Borrowing repayment	28/02/2019	28/02/2019	6,000,000	15,000.00
Creditor's repayment	28/02/2019	28/02/2019	4,640,000	5,800.00
Creditor's repayment	28/02/2019	28/02/2019	40,000,000	50,000.00
Creditor's repayment	28/02/2019	28/02/2019	171,200	214
Creditor's repayment	28/02/2019	28/02/2019	9,786,504	12,233.13
Creditor's repayment	28/02/2019	28/02/2019	3,242,296	4,052.87
Creditor's repayment	28/02/2019	28/02/2019	11,880,000	14,850.00
Creditor's repayment	28/02/2019	28/02/2019	9,600,000	12,000.00
Creditor's repayment	28/02/2019	28/02/2019	8,000,000	10,000.00
Creditor's repayment	28/02/2019	28/02/2019	15,840,000	19,800.00
Creditor's repayment	28/02/2019	28/02/2019	2,560,000	3,200.00
Creditor's repayment	28/02/2019	28/02/2019	4,800,000	6,000.00
Creditor's repayment	28/02/2019	28/02/2019	4,000,000	5,000.00
Creditor's repayment	28/02/2019	28/02/2019	9,326,976	11,658.72
Creditor's repayment	28/02/2019	28/02/2019	10,893,024	13,616.28
Creditor's repayment	28/02/2019	28/02/2019	15,840,000	19,800.00
Creditor's repayment	28/02/2019	28/02/2019	6,160,000	7,700.00
Creditor's repayment	28/02/2019	28/02/2019	5,236,000	6,545.00
Creditor's repayment			26,500,000	26,500
Creditor's repayment			20,000,000	20,000
			<b>539,252,685</b>	<b>1,629,903</b>

\* Shares yet to be issued

### NOTE 27: AUDITORS REMUNERATION

	30 June 2020 \$	30 June 2019 \$
Auditors remuneration	84,514	30,000
	<b>84,514</b>	<b>30,000</b>

## CLASSIC MINERALS LIMITED

### ASX ADDITIONAL INFORMATION

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Schedule of Mineral Tenements as at 9 September 2020		
TENEMENT	AREA	INTEREST HELD BY CLASSIC MINERALS LIMITED
E74/422	Forrestania	100%
E74/467	Forrestania	100%
E74/422	Forrestania	100%
E74/467	Forrestania	100%
P77/4291	Forrestania	80%
P77/4290	Forrestania	80%
E77/2207	Forrestania	80%
E77/2219	Forrestania	80%
E77/2220	Forrestania	80%
E77/2239	Forrestania	80%
E77/2303	Forrestania	80%
E77/2472	Forrestania	100%
E77/4271	Forrestania	100%
E77/2470	Forrestania	100%
E28/1904	Fraser Range	100%
E28/2705	Fraser Range	100%
E28/2704	Fraser Range	100%
E28/2811	Fraser Range	100%
E28/2812	Fraser Range	100%
E28/2703	Fraser Range	100%

# CLASSIC MINERALS LIMITED

## ASX ADDITIONAL INFORMATION

### As at 16 September 2020

The following information is required by the ASX Limited in respect of public companies and is current as at 16 September 2020.

#### 1. Shareholding

<u>SIZE OF HOLDINGS</u>	<u>NUMBER OF HOLDERS</u>	<u>Ordinary Shares</u>
1 - 1,000	28	1,928
1,001 - 5,000	5	22,704
5,001 - 10,000	112	1,091,205
10,001 - 100,000	395	24,908,074
100,001 - 999,999,999,999	3,534	13,016,028,070
<b>TOTAL</b>	<b>4,074</b>	<b>13,042,051,981</b>

- The number of shareholdings held which comprise less than a marketable parcel is 1,032 shareholders holding 113,716,182 shares.
- As at 16 September 2020 there are no restricted shares.
- There are no substantial shareholders in the Company's registry as at 16 September 2020.
- The voting rights attached to the ordinary shares are as follows:
  - Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

### Top 20 Shareholders as at 16 September 2020

<b>Rank</b>	<b>Rank Name</b>	<b>Units</b>	<b>% of Units</b>
1	STOCK ASSIST GROUP PTY LTD	736,307,892	5.65
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	611,408,354	4.69
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	430,741,882	3.30
4	TROCA ENTERPRISES PTY LTD <COULSON SUPER FUND A/C>	361,208,349	2.77
5	NEWS MINERALS PTY LTD	306,856,122	2.35
6	RHIANNON HANEY	215,816,122	1.65
7	CITICORP NOMINEES PTY LIMITED	167,787,852	1.29
8	MR MICHAEL LYNCH <LYNCH FAMILY A/C>	145,000,000	1.11
9	MR DOMINIC VIRGARA	132,326,528	1.01
10	MR DHAN SHRESTHA	120,306,122	0.92
11	BOND STREET CUSTODIANS LIMITED <GH2 - D76031 A/C>	116,306,122	0.89
12	RELIANT RESOURCES PTY LTD	116,298,366	0.89
13	ROTHERWOOD ENTERPRISES PTY LTD	110,041,718	0.84
14	BNP PARIBAS NOMS PTY LTD	92,973,288	0.71
15	MR JONATHAN WILLIAM DOUTCH	90,864,718	0.70
16	KLIP PTY LTD <THE BEIRNE SUPER FUND A/C>	89,212,498	0.68
17	KESAR PL <GUPTA FAMILY A/C>	85,000,000	0.65
18	JUSTIN DOUTCH <THE JSL FAMILY A/C>	84,000,000	0.64
19	NINGALOO INTERNATIONAL PTY LTD	80,612,246	0.62
20	GURINDJI PTY LTD <GURINDJI A/C>	80,591,025	0.62
Totals: Top 20 holders of CLZ ORDINARY FULLY PAID		4,173,659,204	31.98
Total Remaining Holders Balance		8,868,392,777	68.00
Total Holders Balance		13,042,051,981	100.00

## CLASSIC MINERALS LIMITED

### ASX ADDITIONAL INFORMATION

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As at 16 September 2020

**SECURITY CLASS – Unlisted Options:**

Exercise Price: \$0.007  
Expiry Date: 05 November 2021  
Holders: 4  
Number of Options: 99,333,334

**SECURITY CLASS – Unlisted Options:**

Exercise Price: \$0.002  
Expiry Date: 01 March 2022  
Holders: 41  
Number of Options: 1,020,658,262

Date of options granted	Number of shares under option	Exercise price of option	Expiry date of option
27/12/2018	20,000,000	\$0.007	05/11/2021
08/11/2019	79,333,334	\$0.007	05/11/2021
28/02/2019	20,000,000	\$0.002	01/03/2022
27/06/2019	242,658,262	\$0.002	01/03/2022
07/02/2020	100,000,000	\$0.002	01/03/2022
25/03/2020	100,000,000	\$0.002	01/03/2022
11/05/2020	458,000,000	\$0.002	01/03/2022
24/07/2020	100,000,000	\$0.002	01/03/2022
<b>TOTAL</b>	<b>1,119,991,596</b>		