



ACN 119 484 016

CLASSIC
MINERALS LTD

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12 May 2014

Dear Shareholder

Classic Minerals Limited - Share Purchase Plan

On 7 May 2014, Classic Minerals Ltd ACN 119 484 016 announced its intention to establish a share purchase plan (**SPP**) to raise up to \$1,000,000. The Company's board of directors is now pleased to make that offer to eligible shareholders on the terms and conditions **enclosed** with this letter. Also **enclosed** with this letter is an Application Form to participate in the SPP.

The Company recently completed a placement of ordinary shares to sophisticated and professional investors to raise \$1,500,000 (**Placement**). The SPP provides eligible shareholders with an opportunity to acquire up to \$15,000 worth of new fully paid ordinary shares (**New Shares**) at a discount to the market price.

Share Purchase Plan

Under the terms of the SPP, eligible shareholders, being shareholders who were recorded on the Company's share register at 5.00pm (WST) on 6 May 2014 and who had a registered address in Australia or New Zealand (**Eligible Shareholders**), may acquire New Shares at \$0.04 per New Share.

Eligible Shareholders will be entitled to acquire up to \$15,000 of New Shares without paying any brokerage or other transaction costs. This is subject to Classic's right to scale back applications if it considers it appropriate. The total number of New Shares that may be issued under the SPP is 25,000,000 New Shares, to raise a total amount of approximately \$1,000,000.

The price at which the New Shares are being issued under the SPP represents a discount of 33.3% to the recent placement and approximately 4.8% discount to the trading price on 7 May 2014.

Participation in the SPP is entirely at your option. The offer to participate is non-renounceable, which means that you cannot transfer your right to purchase New Shares under the SPP to anyone else.

Use of funds

Funds raised from the Placement and the SPP will be used by the Company primarily to progress exploration at its flagship Fraser Range Project in particular the 6km target zone around the Mammoth and Alpha discoveries and for general working capital purposes. The funds will help Classic to 'fast track' its next discovery and gear up for the next quarter.

**Participation**

Eligible Shareholders may acquire a maximum of \$15,000 worth of New Shares under the SPP by agreeing to accept one of the following parcels:

Offer	Subscription Amount	Number of New Shares
A	\$1,000	25,000
B	\$2,500	62,500
C	\$5,000	125,000
D	\$7,500	187,500
E	\$10,000	250,000
F	\$15,000	375,000

Participation in the SPP is entirely voluntary. If you do not wish to participate you do not have to do anything and may disregard this letter and the enclosed terms and conditions.

Application

If you wish to apply for the New Shares offered under the SPP, you can do so by making a BPAY payment or completing the enclosed Application Form and providing your payment so that it is received by Classic or Advanced Share Registry Services Limited, **by no later than 5.00 pm (WST) on 28 May 2014.**

Full details of the SPP, including key dates, are set out in the enclosed terms and conditions.

Before deciding whether to participate in the SPP, you should read the enclosed terms and conditions of the SPP and consider obtaining your own independent advice from a broker or financial or other professional adviser. By completing and returning an Application Form or making a BPAY payment, you agree to be bound by the terms and conditions.

If you have any questions in respect of the SPP, please contact Classic's Company Secretary, Jeffrey Nurse on (08) 9445 3008.

Yours faithfully


Justin Douch
Managing Director
Classic Minerals Ltd



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Share Purchase Plan

Terms and Conditions

Classic Minerals Ltd (**CLZ**) is pleased to provide Eligible Shareholders (as defined below) with the opportunity to participate in the Classic Share Purchase Plan (**SPP**) by subscribing for up to \$15,000 worth of new fully paid ordinary shares in Classic (**New Shares**) at a purchase price of \$0.04 per New Share without incurring brokerage or other transaction costs.

Details of the terms and conditions of the offer and the key dates are set out below:

1. Key Dates

1.1 The Key Dates for the SPP are as follows:

Record Date	6 May 2014
SPP announced to ASX	7 May 2014
SPP Opens	14 May 2014
SPP Closes	28 May 2014
Allotment of New Shares	29 May 2014
Holding statements expected to be dispatched to shareholders	30 May 2014

1.2 These dates are subject to change and are indicative only. Classic reserves the right to vary any of the above dates and times without notice to Eligible Shareholders. Any variation will be notified to the Australian Securities Exchange (**ASX**).

2. Who is eligible to apply?

2.1 You are eligible to subscribe for up to a maximum of \$15,000 worth of New Shares under the SPP if you were recorded as holding fully paid ordinary shares in Classic (**Shares**) at 5:00 pm (WST) on 6 May 2014 (**Record Date**) with a registered address either in Australia or New Zealand (**Eligible Shareholder**) unless:

- (1) you hold Shares on behalf of another person who resides outside Australia and New Zealand and do not hold Shares in any other capacity; or
- (2) you are in the United States or you are a "U.S. Person" (as defined in Regulation S under the United States Securities Act of 1933) or acting on account of a US Person.

2.2 Classic has determined that it is not practical for holders of Shares with registered addresses in other jurisdictions to participate in the SPP.

- 2.3 If you are the only registered holder of Shares, but you receive more than one offer under the SPP (for example, due to multiple registered holdings) you may only apply for one maximum parcel of New Shares.
- 2.4 If you are recorded with one or more persons as the joint holder of Shares, that joint holding is considered to be a single registered holding for the purposes of the SPP, and the joint holders are entitled to participate in the SPP in respect of that single holding only. If the same joint holders receive more than one offer under the SPP due to multiple holdings, the joint holders may only apply for one maximum parcel of New Shares.
- 2.5 If you are a custodian within the definition of “custodian” in ASIC Class Order [CO 09/425] and hold Shares on behalf of one or more persons (each a **Participating Beneficiary**), you may apply for up to a maximum of \$15,000 worth of New Shares for each Participating Beneficiary, subject to you certifying in writing to Classic a number of matters relating to each Participating Beneficiary (**Custodian Certificate**).
- 2.6 If you are a custodian, please contact Advanced Share Registry Services Limited to obtain the form of Custodian Certificate that you are required to submit on +61 8 9389 8033 between 8:30am and 5:00pm (WST) on business days.
- 2.7 If you hold Shares as a trustee or nominee for another person, but are not a “custodian” as described above, you cannot participate on behalf of any beneficiaries in the manner described above. In this case, the rules for multiple single holdings apply.

3. United States restrictions

- 3.1 The offer of New Shares under the SPP is made in accordance with ASIC Class Order [09/425] which grants relief from the requirement to issue a disclosure document for the SPP.
- 3.2 The laws of some countries prohibit or make impracticable participation in the SPP by certain overseas Classic shareholders. Unfortunately, Classic shareholders who are not resident in Australia or New Zealand will not be able to participate in the SPP. The SPP does not constitute an offer of Shares for sale in any other jurisdiction.
- 3.3 New Shares to be issued under the SPP have not been and will not be registered under the U.S. Securities Act of 1993 as amended (**Securities Act**) or the securities laws of any state or other jurisdiction of the United States. Therefore, the New Shares to be issued under the SPP may not be offered, sold or otherwise transferred to shareholders located in the “United States” (as defined in Regulation S under the Securities Act) or to shareholders who are, or who are acting for the account or benefit of, a U.S. Person (as defined in Regulation 5 under the Securities Act) (**US Person**).
- 3.4 These terms and conditions and the accompanying materials do not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or from, any US Person, and these materials must not be sent or disseminated in the United States or to any US Person, directly or indirectly.

- 3.5 Consistent with the warranties contained in these terms and conditions and the application form accompanying these terms and conditions (**Application Form**), you must not submit any completed Application Form or make any payment in respect of the purchase of New Shares under the SPP on behalf of any persons resident in the United States or who are, or are acting for the account or benefit of, US Persons. Failure to comply with these restrictions may result in violations of applicable securities laws.

4. Participation is optional

- 4.1 Participation in the SPP is optional and is subject to these terms and conditions and those set out in the Application Form. The offer to acquire New Shares under the SPP is not a recommendation.
- 4.2 If you are in any doubt about the offer, whether you should participate in the SPP or how such participation will affect you, you should consider seeking independent financial and taxation advice before making a decision as to whether or not to accept this offer. Classic also recommends that you monitor the Share price which can be found in the financial pages of major Australian metropolitan newspapers or on the ASX website at www.asx.com.au (ASX code: CLZ).

5. Non-Renounceable Offer

- 5.1 This offer is non-renounceable which means you cannot transfer your right to purchase New Shares under the SPP to anyone else. Accordingly, New Shares applied for under the SPP may be issued only to the Classic shareholder to whom they are offered.

6. Ranking of New Shares

- 6.1 All New Shares issued under the SPP will rank equally with existing Shares from the date of issue and, therefore, will carry the same voting rights, dividend rights and other entitlements as existing Shares.

7. Applications may be scaled back

- 7.1 The total number of New Shares that may be issued under the SPP is 25,000,000 New Shares, to raise a total amount of approximately \$1,000,000. Notwithstanding this, the board of directors (**Board**) reserves the right, in their absolute discretion, to scale back applications on a pro-rata proportionate basis.
- 7.2 If applications are scaled back, you may not receive the full parcel of New Shares for which you have applied. If a scale back produces a fractional number when applied to your parcel, the number of New Shares you will be allotted under the SPP will be rounded up to the nearest whole number of New Shares.
- 7.3 In the event of a scale back, the difference between the value of the New Shares allotted to you (calculated at the purchase price for the New Shares) and the application money received from you will be refunded by Classic, without interest, following allotment.

8. Shortfall

- 8.1 The SPP is not underwritten. The directors reserve the right to place any shortfall New Shares not subscribed for by Eligible Shareholders at their absolute discretion at a price not less than the price of the Shares being offered under the SPP.

9. How the purchase price is calculated

- 9.1 The purchase price for each New Share under the SPP is \$0.04. This purchase price represents a discount of approximately 4.8% to the trading price for Shares traded on the ASX on 7 May 2014 and represents a discount of 33.3% to the recent placement.
- 9.2 The market price of Shares may rise or fall between the date of this offer and the date when the New Shares are issued and allotted to you under the SPP. Importantly, there is a risk that the price you pay per New Share under this offer may exceed the market price of the Shares at the time the New Shares are issued to you under the SPP.

10. The costs payable

- 10.1 You only have to pay the purchase price for the New Shares under the SPP. You do not have to pay any other transaction costs such as brokerage, commissions or other costs normally associated with an acquisition of shares on ASX.

11. Available parcels

- 11.1 Under the SPP, Eligible Shareholders may acquire a maximum of \$15,000 worth of New Shares at a minimum of a \$1,000 parcel, increasing incrementally by \$2,500 parcels by agreeing to accept one of the following parcels:

Offer	Subscription Amount	Number of New Shares
A	\$1,000	25,000
B	\$2,500	62,500
C	\$5,000	125,000
D	\$7,500	187,500
E	\$10,000	250,000
F	\$15,000	375,000



12. Maximum Subscription Amount (\$15,000)

- 12.1 The offer under the SPP must comply with the conditions of ASIC Class Order [CO 09/425]. Under that Class Order, Eligible Shareholders may only acquire a maximum of \$15,000 worth of Shares under a share purchase plan in any 12 month period. Classic has not conducted a share purchase plan in the past 12 months.
- 12.2 Accordingly, Eligible Shareholders may participate in the SPP up to the maximum limit of \$15,000. This limitation applies even if you receive more than one Application Form or if you hold Shares in more than one capacity (e.g. if you are both a sole and joint holder of the Shares). Please refer to the "Who is eligible to apply?" paragraph above (paragraph 2) for further details.

13. Certification

- 13.1 By submitting an Application Form together with a cheque, bank draft or money order or submitting a BPAY payment to Classic **you certify** that the aggregate of the application price paid by you for:
- (1) the New Shares under the SPP the subject of the application;
 - (2) any other New Shares under the SPP or any Shares under similar arrangement in the 12 months before the date of your application;
 - (3) any other New Shares which you have instructed a custodian to acquire on your behalf under the SPP; and
 - (4) any other Shares issued to a custodian in the 12 months before the date of your application as a result off an instruction to apply for Shares on your behalf under an arrangement similar to the SPP given by you to the custodian or a downstream custodian,
- does not exceed \$15,000.**
- 13.2 If you are a custodian you make additional representations that:
- (1) you are a custodian, trustee or nominee within the definition of "custodian" in ASIC Class Order [CO 09/425]; and
 - (2) you have provided a Custodian Certificate to Classic.
- 13.3 The \$15,000 limit applies irrespective of the number of Shares you hold on the Record Date. Classic reserves the right, and in certain circumstances may be required under ASIC Class Order [CO 09/425] or any specific relief granted by ASIC to Classic in relation to the SPP, to reject an application for New Shares under the SPP to the extent it considers, or is reasonably satisfied, that the application (whether alone or in conjunction with other applications) does not comply with these requirements.

14. Calculation of the number of New Shares

- 14.1 In the absence of scale back, the number of New Shares to be issued to you under the SPP will be depend on which offer (set out in paragraph 11 above) you choose. The number of New Shares set out in each offer in paragraph 11 above were calculated by dividing the total subscription price by the purchase price for the New Shares, being \$0.04 per New Share.
- 14.2 If Classic scales back applications, the number of New Shares to which you may be entitled, as scaled back, may not be equal to a whole number of New Shares. In that event, the number of New Shares allotted to you will be rounded up to the nearest whole number of New Shares.

15. How to apply for New Shares

- 15.1 The SPP opens on **14 May 2014**. If you would like to apply for New Shares under the SPP you can either:
- (1) complete the accompanying Application Form and return it together a cheque, bank draft or money order made payable to "**Classic Minerals Ltd – Share Purchase Plan**" for the subscription amount for the number of New Shares applied for by you drawn on an Australian bank in Australian dollars; or
 - (2) make a BPAY payment for the subscription amount for the number of New Shares applied for by you by using the personalised reference number shown on your Application Form (which is required to identify your holding). If you make your payment using BPAY you do not need to return your Application Form.
- 15.2 Applications (together with payment) must be received by Classic or Classic's share registry, Advanced Share Registry Services Limited (by post: PO Box 1156, Nedlands WA 6909 or by hand: 110 Stirling Highway, Nedlands WA 6009) by **no later than 5.00 pm (WST) on 28 May 2014**. Classic reserves the right to return any payment and not allot any New Shares in respect of an application received after that time.
- 15.3 Applications are irrevocable and may not be withdrawn once they have been received by Classic. No interest will be payable on application money held by Classic.
- 15.4 Please read the accompanying Application Form for further details of how to apply for New Shares under the SPP.

16. Class Order [CO 09/425] compliance

- 16.1 This offer of New Shares under the SPP is made in accordance with the requirements of ASIC Class Order [CO 09/425]. This Class Order grants relief from the requirement to prepare a prospectus for the offer of New Shares under the SPP.

17. Binding terms

- 17.1 By accepting the offer to purchase New Shares under the SPP, you agree to be bound by these terms and conditions and the constitution of Classic.

18. Withdrawal, Suspension, Termination, Anomalies and Disputes

- 18.1 Classic reserves the right to waive strict compliance with any provision of these terms and conditions, to amend or vary these terms and conditions and to suspend or terminate the SPP at any time. Any such amendment, variation, suspension or termination will be binding on all Eligible Shareholders even where Classic does not notify you of that event.
- 18.2 Classic may make determinations in any manner it thinks fit, including in relation to any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the SPP, whether generally or in relation to any participant or application. Any determinations by Classic will be conclusive and binding on all Eligible Shareholders and other persons to whom the determination relates. Classic's rights may be exercised by the Board or any delegate of the Board.
- 18.3 Any variation, suspension or termination of the SPP does not give rise to any liability on the part of, or any action against, Classic or any member of the Board.
- 18.4 If the Board determines to suspend or terminate the SPP, any application money received by Classic from you, will be refunded to you, without interest, as soon as reasonably practical after such suspension or termination.

19. Governing law and jurisdiction

- 19.1 The law of Western Australia governs these terms and conditions.
- 19.2 The parties submit to the non-exclusive jurisdiction of the courts of Western Australia and of the Commonwealth of Australia.

20. SPP queries

- 20.1 If you have any questions regarding the SPP, please contact Classic's Company Secretary, Mr Jeffrey Nurse on +61 (08) 9445 3008.



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CLASSIC
MINERALS LTD

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HOW TO ACCEPT THE SHARE PURCHASE PLAN OFFER

APPLYING FOR NEW SHARES & PAYMENT DETAILS

You may apply for New Shares under the SPP by utilising the payment options detailed below. By making your payment using either BPay or by cheque, bank draft or money order, you confirm that you agree to all of the terms and conditions of the SPP as set out in the SPP Terms and Conditions and this Application Form.

You may apply for New Shares by making your payment via BPay. If you pay via BPay, you do not need to return this Application Form. Your BPay reference number is quoted overleaf and is unique to the SPP. Your payment must be received by no later than 5.00pm (WST) on 28 May 2014. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. It may also take up to 24 hours for funds to appear in the recipient's account; therefore it is the responsibility of the applicant to ensure that funds submitted through BPay are received by this time.

You may also apply for New Shares by completing this Application Form and paying by cheque, bank draft or money order. Your cheque, bank draft or money order must be made payable to "Classic Minerals Ltd – Share Purchase Plan", drawn on an Australian branch of a financial institution, expressed in Australian currency and crossed "Not Negotiable". Please ensure you submit the correct amount. Incorrect payments will result in your application being dealt with as set out in the SPP Terms and Conditions. Please complete cheque details in the boxes provided above in the Application Form.

Your Application Form should be paper clipped to your cheque, bank draft or money order (please do not staple), posted to the address below and received by ASR no later than 5.00pm (WST) on 28 May 2014. You should allow sufficient time for this to occur. You will need to affix the appropriate postage. Cheques may be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your application being rejected.

Cash will not be accepted. A receipt for payment will not be forwarded. Neither ASR nor the Company accepts any responsibility if you lodge the Application Form at any other address or by any other means.

CONTACT DETAILS


Please enter the name of a contact person and telephone number. These details will only be used in the event that ASR has a query regarding this Application Form.

PRIVACY STATEMENT

Personal information is collected on this form by ASR, as registrar for securities issuers (**the issuer**), for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by ASR, or you would like to correct information that is inaccurate, incorrect or out of date, please contact ASR. In accordance with the *Corporations Act 2001 (Cth)*, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting ASR. You can contact ASR using the details provided on the front of this form.

If you have any enquiries concerning this Application Form or your entitlement, please contact ASR on (61 8) 9389 8033.

This form may be used to notify your change of address. For information, please contact ASR on (61 8) 9389 8033 or visit www.advancedshare.com.au (certificated/issuer sponsored holders only). **CHES holders must contact their Controlling Participant to notify a change of address.**

<p>PAYMENT INSTRUCTIONS</p> <p>PAYMENT BY BPAY </p> <p>Make this payment via internet or phone banking. View and pay using internet banking using the Registration Number shown on the front of this form (Payment Instructions box).</p> <p>PAYMENT BY CHEQUE</p> <p>All cheques (expressed in Australian currency) are to made payable to "Classic Minerals Ltd – Share Purchase Plan" and crossed "Not Negotiable".</p> <p>Do not forward cash as receipts will not be issued.</p> <p>Sufficient cleared funds should be held in your account as your acceptance may be rejected if your cheque is dishonoured.</p> <p>Cheques or bank drafts drawn on overseas banks in Australian or any foreign currency will NOT be accepted. Any such cheques will be returned and the acceptance deemed to be invalid.</p>	<p>PLEASE NOTE</p> <p>Cash payments will not be accepted via the mail or at Advanced Share Registry Ltd.</p> <p>Direct bank transfer is not permitted.</p> <p>The Company may reject any application submitted for this offer, in its absolute discretion, or if this form is not completed in accordance with this offer, or is incomplete, or if the correct amount payable is not tendered with this form or has not been paid electronically using BPay.</p> <p>Receipt by the Company of this form duly completed, together with the full subscription amount, will constitute irrevocable acceptance in accordance with the Share Purchase Plan Terms and Conditions and the Constitution of the Company by the shareholder named on this form. A signature on this form is not required.</p> <p>If you are a Custodian (as defined in ASIC Class Order 09/425), you must submit a Custodian Certificate to ASR. To request a Custodian Certificate or if you would like further information on how to apply on behalf of beneficiaries, you should contact ASR.</p>
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