

# **CLASSIC MINERALS LIMITED**

**ACN: 119 484 016**

**ANNUAL REPORT  
FOR THE YEAR ENDED  
30 JUNE 2018**

# CLASSIC MINERALS LIMITED

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# CLASSIC MINERALS LIMITED

## CORPORATE DIRECTORY

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### **DIRECTORS**

John Lester  
Frederick Salkanovic  
Lu Ning Yi

### **COMPANY SECRETARY**

Jeffrey Nurse

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

77 119 484 016

### **PRINCIPAL OFFICE**

71 Furniss Road  
Landsdale, WA, 6065

### **REGISTERED OFFICE**

71 Furniss Road,  
Landsdale, WA, 6065

### **AUDITORS**

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

# CLASSIC MINERALS LIMITED

## DIRECTORS' REPORT

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### DIRECTORS' REPORT

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The directors of Classic Minerals Limited submit herewith the financial report for the financial year ended 30 June 2018.

#### Directors

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

John Lester (appointed 6 November 2017)  
Justin Douth (resigned 6 November 2017)  
Frederick Salkanvoic (appointed 31 August 2017)  
Lu Ning Yi

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:

Jeffrey Nurse

Mr Jeffrey Nurse CA, MBA, ACIS is a Chartered Accountant. He holds a Master's Degree in Business Administration from the University of Western Australia and is an Associate of the Governance Institute of Australia.

#### Current Directors' qualifications and experience

##### John Lester (Executive Director)

Age: 76 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 \$60million 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 4,750,000 ordinary shares

# CLASSIC MINERALS LIMITED

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## DIRECTORS' REPORT

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### **Frederick Salkanovic (Non-Executive Director) (appointed 31 August 2017)**

**Age: 73 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

Nil.

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

**Age: 64 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

6,501,915 ordinary shares

### **Meetings of directors**

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

The number of Directors' meetings (including committees) 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	2	2
Lu Ning Yi	2	2
Frederick Salkanovic	2	2

### **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 2018 amounted to \$3,622,547 (2017: loss of \$3,450,034).

### **Dividends**

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

## **Review of operations**

A comprehensive description of the Company's exploration and research and development activities appears in other sections of this Annual Report.

## **Doherty's**

The sale of the Doherty's project was concluded on 5 July 2017 with the receipt of the remaining \$50,000 part of final instalment of \$1,200,000. The project tenure has been transferred to the buyer and the Company no longer holds a stake in this project. Classic will receive a 7.5% net smelter return royalty from production.

## **Forrestania Gold Project**

The Forrestania Gold Project ("FGP") contains an existing Mineral Resource of 5.9Mt at 1.25g/t for 240,000 ounces of gold, classified and reported in accordance with the JORC Code (2012). A completed scoping study has indicated both the technical and financial viability of the project.

In the reporting year Classic engaged both RSC Mining & Mineral Exploration ("RSC") and Mr. Dean Goodwin (Consulting Geologist) to advance the resource base of the project. A total of 70 holes for 10591m were completed in the reporting year.

## **Exploration and Resource Extension**

Prior to the end of the 2016/17 reporting year, Classic in conjunction with RSC, completed Phase 1 of an exploration and resource extension drilling program at Lady Ada and Lady Magdalene. This program demonstrated high-grade gold mineralisation existed at shallow depth outside of the current optimised pit designs. This early drilling increased confidence and re-affirmed managements view that through targeted exploration, the Forrestania Gold Project had the potential to host a larger gold system.

In the new reporting year, Classic continued with three more phases of drilling. Initially the RSC team followed into Phase 2 of the program in late July, completing 35 holes for 7544m. The ongoing aim of this work was to confirm and explore mineralised extensions both along strike, outside the optimised pit design and down-plunge at these locations. This is in-line with Classic's strategy to further grow the project's mineral resources to a size that supports establishment of an on-site processing facility at FGP as contemplated in FGP scoping study

Following the completion of Phase 2 drilling in mid-October, Classic appointed Consultant Geologist, Dean Goodwin to the position of CEO and engaged his expertise to review all historic data to generate new conceptual exploration targets. As part of this review, approximately 90 targets were identified within the Forrestania Gold Project and were ranked according to priority. Following the review, the Classic team began in-house management of field activities and the next round of staged, priority drilling.

The review firstly concentrated on the known gold resources at Lady Ada and Lady Magdalene and the results of the drilling already completed. It highlighted the likely-hood and the immediate potential of uncovering Lady Ada-style gold mineralisation overprinting the Lady Magdalene gold resource. Other highlights of the review included the hidden potential of the Kat Gap and Lady Lila projects and need for priority follow-up of other long forgotten exploration intersections across the entire project.

Phase 3 drilling began early in 2018 with two oriented diamond holes at Lady Magdalene for 307m, to focus on discovering high-grade gold lodes of similar style to what was mined at Lady Ada (formerly known as Blue Haze). In addition, a further 11 priority rotary percussion exploration holes were drilled for 750m comprising ;

- 2 holes for 174m at a new prospect, Van Uden West.
- 5 holes for 366m at Lady Lila.
- 4 holes for 210m at Kat Gap.

First-pass drilling at Van Uden West is particularly exciting, as it confirms the discovery of a significant new zone of gold mineralisation (with results including 12m @ 5.75g/t Au from 59m). Work here was based upon anomalous air core drilling from the late 1990's. The target is in an attractive structural location on the contact between the granite and greenstone that has been inadequately tested.

## CLASSIC MINERALS LIMITED

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Just as exciting were the results from the Kat Gap project. Set in a similar structural and stratigraphic position on a granite greenstone contact, early results returned encouraging intersections including 5m @ 14.1g/t Au from 17m.

Infill drilling at Lady Lila successfully confirmed the extension of gold mineralisation along strike returning a result of 14m @ 3.7g/t Au from 71m.

Following the discovery of high-grade gold mineralisation in Phase 3, a fourth phase of drilling was designed to extend this success. Twenty two rotary percussion holes were drilled for 1990m comprising;

- 12 holes for 1052m at Kap Gap.
- 10 holes for 938m at Lady Magdalene.

Drilling at Kat Gap continued to impress with multiple high-grade gold intersections across the granite - greenstone contact, historically thought to be barren. The most recent results from this phase of drilling has demonstrated additional high-grade gold mineralisation up against both contacts of a cross-cutting Proterozoic-aged dolerite dyke. Multiple outstanding intercepts were returned including 8m @19.1g/t from 32m and 12m @ 7.5g/t from 39m with visible gold being panned at the drill sites is very encouraging as more than 5 km of the granite-greenstone contact is still to be tested.

Lady Magdalene percussion and earlier diamond drilling has successfully confirmed the presence of high-grade Lady Ada-style quartz vein arrays at Lady Magdalene. Typically, the Lady Magdalene style mineralisation is a lower-grade gold alteration assemblage devoid of quartz veining. When fully understood and properly explored, the overprint of Lady Ada's high grade, low angle reverse thrust faults has the potential to lift the overall grade of the resource. Work is ongoing to advance this hypothesis.

The team at Classic is very encouraged by the outstanding results achieved in the reporting year and excited to extend exploration success into 2019.

### **Fraser Range (E28/1904)**

Located 160 km ESE of Kambalda and in the Fraser-Albany Mobile Belt, which further to the north hosts the 6.4 million-ounce Havana and Tropicana gold deposits and 40 km to the south hosts the recently discovered and highly significant Sirius Resources NL Nova Nickel/Copper sulphide deposit.

In June 2017, the Fraser range project was restored to 28 blocks and 84km<sup>2</sup>.

In January 2017 a review of historic Cobalt, Manganese and Graphite sampling was done and generated new targets for the company to follow up in the 2017 reporting year.

Geophysical Surveys are planned for the southern end of the project to test bedrock conductors for Nickle sulphide type deposits.

Exploration is now also focused around a 6km long conductive target "hot zone" identified extending south east from Mammoth.

### **Significant changes in state of affairs**

In March 2018, the company issued over 276M shares to its existing shareholders for their contribution to its Share Purchase Plan ("SPP"). Shares were issued at \$0.004 under the SPP.

In May and June 2018, the Company raised a further \$936,080 through a private placement arranged by a leading Perth stockbroking house. The private placement was completed on 2 July 2018 with the receipt of a further \$61,720. 250M shares were issued under the private placement to new shareholders of the Company at an issue price of \$0.004.

There were no other significant changes in the state of affairs of the Company during the year ended 30 June 2018.

### **After reporting date events**

On 4 September 2018, the Company repaid the Convertible Note of \$1.0M held by Gurindji Pty Ltd (previously held by MD Vest Pty Ltd) in full. There is no further liability on the Convertible Note.

## CLASSIC MINERALS LIMITED

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On 10 August 2018, the Company concluded a second private placement of shares arranged by a leading Perth stock broking firm. This issue of 400M shares was made to sophisticated and professional investors. As a result of this placement, Classic received \$1,800,000 less 6% brokerage fees and commissions of \$108,000 (GST exclusive).

In July 2018, the Company applied for a Research & Development rebate from the Australian Taxation Office and AusIndustry. On 4 September 2018, the Company received the full amount of the rebate of \$1,278,783.

There are no other matters or circumstances that have arisen since 30 June 2018 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.

### **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.

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

The auditor's independence declaration for the year ended 30 June 2018 has been received, forms part of the Director's Report, and can be found on page 15.

### **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 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 financial year, the Company paid premiums for Directors and Officers liability insurance of \$6,907 (2017: \$10,128).

### **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. The Company has not been a party to any such proceedings during the year.



## 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 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 ("KMP")

##### (i) Directors

John Lester	(appointed 6 November 2017)
Justin Douch	(resigned 6 November 2017)
Lu Ning Yi	
Frederick Salkanovic	(appointed 31 August 2017)

##### (ii) Senior Executives

Dean Goodwin	(appointed 10 November 2017)
Jacob Douch	
Jeffrey Nurse	

# CLASSIC MINERALS LIMITED

## Details of Remuneration for Year Ended 30 June 2018 and 30 June 2017

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

	SHORT-TERM BENEFITS			POST EMPLOYMENT		SHARE-BASED PAYMENT		TOTAL	REPRESENTED BY EQUITY/OPTIONS %
	Salary	Other	Non-Monetary	Superannuation	Retirement Benefits	Equity	Options	\$	
<b>Directors</b>									
Lu Ning Yi (i)									
2018	21,900	-	-	-	-	15,000	-	36,900	-
2017	50,000	-	-	-	-	-	-	50,000	-
John Lester (appointed 6 November 2017) (ii)									
2018	19,400	-	-	-	-	-	-	19,400	-
Justin Douch (iii)									
2018	89,041	-	21,330	8,637	-	123,600	-	242,608	-
2017	250,000	-	21,330	23,750	-	-	-	295,080	-
Jacob Douch (iv)									
2018	140,000	-	-	18,525	-	55,000	-	213,525	-
2017	195,000	-	-	18,525	-	-	-	213,525	-
Frederick Salkanovic (appointed 31 August 2017)									
2018	30,400	-	-	1,425	-	-	-	31,825	-
Dean Goodwin (appointed as CEO on 10 November 2017) (v)									
2018	121,182	-	-	-	-	30,000	-	151,182	19.8%
Jeffrey Nurse (vi)									
2018	120,000	-	-	12,825	-	15,000	-	147,825	10.1%
2017	112,845	-	-	10,720	-	-	-	123,565	-
<b>Total Remuneration Key Management Personnel</b>									
2018	541,923	-	21,330	41,412	-	238,600	-	843,265	-
2017	607,845	-	21,330	52,995	-	-	-	682,170	-

- i) \$15,000 was settled via issue of shares under the Share Purchase Plan during the year. As at 30 June 2018, \$11,900 was payable to Lu Ning Yi for outstanding Director Fees.
- ii) No amounts were paid to John Lester during the year. \$19,400 remained payable at 30 June 2018.
- iii) Justin Douch ceased to be an employee on resignation as Managing Director on 6 November, however continued on an ad hoc basis in a consulting role for the remainder of the 2018 financial year. The consulting fees were settled by the issue of shares. Consulting fees outstanding at 30 June 2018 came to a total of \$21,525.
- iv) \$30,000 was settled via issue of shares under the Share Purchase Plan and a further \$25,000 settled via other shares issued during the period. A total \$52,290 remained owing to Jacob Douch at 30 June 2018.
- v) Dean Goodwin became a member of the Key Management Personnel on 10 November 2017, being the point at which he was appointed CEO. Dean also received shares under the Share Purchase Plan valued at \$30,000 as part of his remuneration. His rate of pay has been at \$1,000 per day worked, however no formal contract is yet in place.
- vi) Jeffrey Nurse was entitled to an additional \$15,000 for additional work performed, which was settled via issue of shares under the Share Purchase Plan.

## DIRECTORS' REPORT

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### Employment Details of Members of Key Management Personnel

Mr Dean Goodwin became the Chief Executive Officer of the Company on 10 November 2017. Mr Goodwin's rate of pay is \$1,000 per day, however no formal contract is yet in place.

Mr Justin Douth resigned as a Director of Classic on 6 November 2017 however with the agreement of the Company's new Chief Executive Officer Mr Douth assisted in the transition and accordingly has been regarded as a Key Management Personnel in this financial year. In the period up to 6 November 2017 Justin Douth received a salary and later during the transitional period was paid on an ad hoc contract basis.

In prior periods, Justin Douth had agreed to defer his salary and this was settled during the period by the issue of shares.

### Non-Executive Director Letter Agreements

The Company has non-executive director letter agreements with Mr John Lester, Mr. Frederick Salkanovic and Mr. Lu Ning Yi, these letter agreements outline the terms and conditions on which the Non-Executive Directors would carry out their duties to the Company. Mr. Lu and Mr Salkanovic were entitled to an annual remuneration of \$60,000 with no superannuation up until 6 November 2017. They are reimbursed for reasonable expenses incurred in carrying out their duties. On 6 November 2017, and on appointment of John Lester, it was agreed that all non-executive directors would receive annual directors' fees of \$30,000 per annum.

### Executive Agreements

The Company has an employment contract with Jacob Douth as Project Manager, previously Mr Douth acted as the exploration manager. Jacob Douth's salary is \$195,000 plus superannuation.

In the event that Mr Jacob Douth's employment is terminated, he will be entitled to receive an additional week's notice and any annual leave and long service leave entitlements will be paid. In 2016/17 financial year, Mr Douth had agreed to defer a portion of the payments of his salary until the Company could afford to make such payments.

The Company has an employment contract with Jeffrey Nurse as the Company's Chief Financial Officer and Company Secretary. Mr. Nurse's salary is \$120,000 plus superannuation.

## CLASSIC MINERALS LIMITED

### Shareholdings of Key Management Personnel

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

	<i>Balance 1 July 2017</i>	<i>Received as remuneration</i>	<i>Net Change Other</i>	<i>Balance 30 June 2018</i>
John Lester	1,000,000		3,750,000	4,750,000
Lu Ning Yi	2,751,915	-	3,750,000	6,501,915
Justin Douch	4,448,337	-	43,326,663	47,775,000
Dean Goodwin	-	7,500,000	33,700,000	41,200,000
Fred Salkanovic	-	-	-	-
Jacob Douch	484,059	10,000,000	18,584,816	29,068,875
James Passaris	2,240,010	-	-	2,240,010 (ii)
Jeffrey Nurse	510,000	6,875,000	-	7,385,000
	<b>11,434,321</b>	<b>13,750,000</b>	<b>80,901,499</b>	<b>102,710,800</b>

	<i>Balance 1 July 2016</i>	<i>Received as remuneration</i>	<i>Net Change Other</i>	<i>Balance 30 June 2017</i>
Lu Ning Yi	-	-	2,751,915	2,751,915
Justin Douch (iii)	5,248,337	-	(800,000)	4,448,337
Kent Hunter	1,300,002	-	-	1,300,002(i)
Frederick Salkanovic	-	-	-	-
Jacob Douch	-	-	484,059	484,059
James Passaris	2,240,010	-	-	2,240,010
Jeffrey Nurse	510,000	-	-	510,000
	<b>9,298,349</b>	<b>-</b>	<b>2,435,974</b>	<b>11,734,323</b>

(i) Number of shares held at the time he ceased to be a director – 1 December 2016

(ii) Number of shares held at the time he ceased to be a key management personnel – November 2017.

### Option holdings of Key Management Personnel

The Company had no options on issue at any point during the year.

## CLASSIC MINERALS LIMITED

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

### 2018

In 2018, an aggregate amount of \$221,278 was due and payable to Mr Justin Douch this amount represented salaries totalling \$97,678 up to 6 November 2017 in his capacity as an Executive Director. During a transitional period, Mr Douch received \$123,600 on an ad hoc contract basis. An amount of \$21,525 remained owing as at 30 June 2018.

- Denarda Holdings Pty Ltd is in the business of providing drilling services to mining companies and these services were provided to this Company at commercial rates. During the period, total services provided by Denarda were for \$111,800. An amount of \$67,677 remains as a prepayment for future drilling as at 30 June 2018. This balance will be reduced in future years through the provision of further drilling services and associated services.  
In 2018, an aggregate amount of \$306,370 was expensed by the Company in relation to services provided by Namija Pty Ltd ("Namija"). Services performed by Namija during the year include consulting and fees in relation to business strategy, financing and indigenous affairs support at commercial rates. An amount of \$57,402 remains owing as at 30 June 2018

### 2017

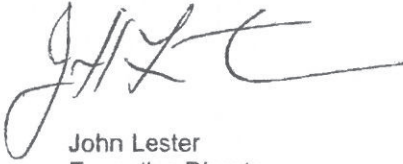
- Denarda Holdings Pty Ltd is in the business of providing drilling services to mining companies and these services were provided to this Company at commercial rates. During the period, total services provided by Denarda were for \$20,800. An amount of \$200,277 remains as a prepayment for future drilling as at 30 June 2017. This balance will be reduced in future years through the provision of further drilling services and associated services.
- In 2017, an aggregate amount of \$322,935 was expensed by the Company in relation to services provided by Namija Pty Ltd ("Namija"). Services performed by Namija during the year include consulting and fees in relation to business strategy, financing and indigenous affairs support at commercial rates. An amount of \$12,009 remains owing as at 30 June 2017.

**END OF REMUNERATION REPORT**

## CLASSIC MINERALS LIMITED

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



John Lester  
Executive Director

Dated this 16th day of October 2018

## CLASSIC MINERALS LIMITED

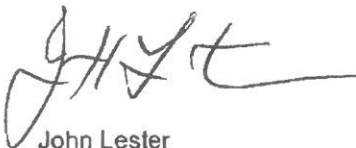
### DIRECTORS' DECLARATION

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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 and the Corporations Regulations 2001; and
  - b. give a true and fair view of the financial position of the Company as at 30 June 2018 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 disclosed in note 2.

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



John Lester  
Executive Director

Dated this 16th day of October 2018

**Bentleys Audit & Corporate  
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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 2018, 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



**MARK DELAURENTIS CA**  
Partner

Dated at Perth this 16<sup>th</sup> day of October 2018



# 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 2018, 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 2018 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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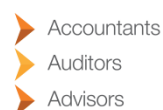
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### Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report, which indicates that the Company incurred a net loss of \$3,622,547 during the year ended 30 June 2018. 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>Related party transactions</b></p> <p>During the year, a number of significant related party transactions undertaken by the Company. The nature of and amount of these transactions are disclosed in Note 22.</p> <p>Given the number of material related party transactions occurring throughout the period, there is a risk that these transactions are not identified and disclosed.</p>	<p>Our procedures amongst others included:</p> <ul style="list-style-type: none"> <li>– We reviewed the processes in place to identify related parties and inquired with management and those charged with governance of any transactions with these parties during the period;</li> <li>– We reviewed the minutes of meetings of the Board of Directors for material transactions and sighted director resolutions approving all related party transactions;</li> <li>– We identified related party transactions and on a sample basis verified the transactions to supporting information; and</li> <li>– We assessed the appropriateness of the disclosures included in Notes 22 to the financial report.</li> </ul>
<p><b>Exploration and Evaluation - \$1,250,000</b></p> <p>(refer to Note 10)</p> <p>Capitalised exploration expenditure is a key audit matter due to:</p> <ul style="list-style-type: none"> <li>– The level of judgement required in evaluating management's application of the requirements of AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>. 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>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>– Assessing 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>– We agreed to the terms within acquisition agreements and on a sample basis corroborated rights to tenure to government registries and relevant agreements as applicable;</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>- The assessment of impairment of capitalised exploration expenditure being inherently difficult.</li></ul>	<ul style="list-style-type: none"><li>- We considered the activities in each area of interest to date and assessed the planned future activities for each area of interest by evaluating budgets for each area of interest.</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><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></li><li>- We assessed the appropriateness of the related disclosures in Note 10 to the financial statements.</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 2018, 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.

# Independent Auditor's Report

To the Members of Classic Minerals Limited (Continued)



## 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.

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.

## Independent Auditor's Report

To the Members of Classic Minerals Limited (Continued)



- 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.

### Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2018. 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 2018, complies with section 300A of the Corporations Act 2001.

**BENTLEYS**  
Chartered Accountants

**MARK DELAURENTIS CA**  
Partner

Dated at Perth this 16<sup>th</sup> day of October 2018

# CLASSIC MINERALS LIMITED

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		<b>30 June 2018</b>	<b>30 June 2017</b>
	<b>Note</b>	<b>\$</b>	<b>Restated \$</b>
Research & Development rebate	3	1,833,192	762,461
Other Income	3	555	336
Employee benefits and consultants expense		(1,927,140)	(1,362,854)
Advertising and marketing expenses		(165,568)	(12,705)
Legal expenses & professional fees		(216,876)	(187,426)
Commissions		(30,000)	(456,000)
Depreciation expense	11	(40,350)	(47,095)
Exploration expenses		(1,974,941)	(1,092,795)
Financing Charges		(776,335)	(715,199)
Travel expenses		(10,781)	(14,315)
Occupancy expenses		(86,635)	(88,732)
Administration expenses	4	(227,668)	(235,710)
<b>Profit/(Loss) before income tax expense</b>		<b>(3,622,547)</b>	<b>(3,450,034)</b>
Income tax benefit	5	-	-
<b>Profit/(Loss) for the year</b>		<b>(3,622,547)</b>	<b>(3,450,034)</b>
Total Other Comprehensive Income		-	-
Total Comprehensive loss for year		(3,622,547)	(3,450,034)
<b>Profit/(Loss) for the year</b>			
Attributable to members of Classic Minerals Limited		(3,622,547)	(3,450,034)
		(3,622,547)	(3,450,034)
<b>Total Comprehensive Profit /(Loss) for year</b>			
Attributable to members of Classic Minerals Limited		(3,622,547)	(3,450,034)
		(3,622,547)	(3,450,034)
Basic (loss) per share (cents per share)	6	(0.41)	(0.96)

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

# CLASSIC MINERALS LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

		30 June 2018 \$	30 June 2017 Restated \$
	<i>Note</i>		
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	726,100	1,087,258
Trade and other receivables	8	1,433,572	103,740
Other	9	67,677	200,277
<b>TOTAL CURRENT ASSETS</b>		<b>2,227,349</b>	<b>1,391,275</b>
<b>NON-CURRENT ASSETS</b>			
Exploration and evaluation	10	1,250,000	-
Plant and equipment	11	304,429	179,384
Other assets	12	53,642	3,642
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,608,071</b>	<b>183,026</b>
<b>TOTAL ASSETS</b>		<b>3,835,420</b>	<b>1,574,301</b>
<b>CURRENT LIABILITIES</b>			
Trade and other Payables	13	1,559,319	2,684,987
Provision for Employee Benefits	14	114,156	74,177
Borrowings	15	1,473,069	1,025,415
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,146,544</b>	<b>3,784,579</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	15	-	61,106
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>-</b>	<b>61,106</b>
<b>TOTAL LIABILITIES</b>		<b>3,146,544</b>	<b>3,845,685</b>
<b>NET (LIABILITIES)/ ASSETS</b>		<b>688,876</b>	<b>(2,271,384)</b>
<b>EQUITY</b>			
Issued capital	16	20,262,695	13,679,888
Accumulated losses		(19,573,819)	(15,951,272)
<b>TOTAL EQUITY</b>		<b>688,876</b>	<b>(2,271,384)</b>

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

# CLASSIC MINERALS LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	<i>Issued Capital</i> \$	<i>Option Premium Reserve</i>	<i>Accumulated Losses</i> \$	<i>Total Equity</i> \$
Balance at 30 June 2017 (restated)	13,679,888	-	(15,951,272)	(2,271,384)
Loss for the year	-	-	(3,622,547)	(3,622,547)
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income/(Loss)	-	-	(3,622,547)	(3,622,547)
Transactions with owners recorded directly in equity				
Shares issued (net of expenses) during the year	6,582,807	-	-	6,582,807
Balance at 30 June 2018	20,262,695	-	(19,573,819)	688,876
	<i>Issued Capital</i> \$	<i>Option Premium Reserve</i>	<i>Accumulated Losses</i> \$	<i>Total Equity</i> \$
Balance at 30 June 2016	13,030,949	-	(12,501,039)	529,910
Loss for the year (restated) 2(u)	-	-	(3,450,034)	(3,450,034)
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income/ (Loss) (restated)	-	-	(3,450,034)	(3,450,034)
Transactions with owners recorded directly in equity	-	-	-	-
Shares issued (net of expenses) during the year	648,939	-	-	648,939
Balance at 30 June 2017 (restated) 2(u)	13,679,888	-	(15,951,272)	(2,271,384)

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



# CLASSIC MINERALS LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

	Note	30 June 2018 \$	30 June 2017 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from the sale of Mining interest – Doherty’s		50,000	3,350,000
Receipt of Research & Development Rebate 2016/17		554,408	762,461
Payments to suppliers and employees		(2,959,412)	(2,524,921)
Interest paid		(112,888)	(478,760)
Interest received		555	335
Net cash (outflows) from operating activities	20(a)	(2,467,337)	1,109,115
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets		(15,395)	(2,736)
Net cash (outflows) from investing activities		(15,395)	(2,736)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Share Capital received		1,600,800	124,000
Capital raising costs		(76,795)	
Repayment of Loans received/(repaid)		(238,173)	(1,050,276)
Proceeds of short term loans		835,742	850,000
Net cash inflows from financing activities		2,121,574	(75,676)
<b>Net increase/ (decrease) in cash held</b>		<b>(361,158)</b>	<b>1,030,703</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>1,087,258</b>	<b>56,555</b>
<b>Cash and cash equivalents at the end of the year</b>	20(b)	<b>726,100</b>	<b>1,087,258</b>

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

# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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### 1. Corporate Information

The financial report of Classic Minerals Limited (the Company) for the year ended 30 June 2018 was authorised for issue in accordance with a resolution of the directors on 16th October 2018.

### 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 \$3,622,547 for the year ended 30 June 2018 (2017: \$3,450,034).

The net working capital position of the Company at 30 June 2018 was a deficit of \$919,195 (2017: \$2,393,304). The Company has expenditure commitments relating to exploration expenditure obligations for their projects of \$398,589 which potentially could fall due in the twelve months to 30 June 2019. Furthermore, the Company has operating lease commitments of \$46,977 payable in the next 12 months.

On 19 September 2017, the Company entered into an amended Standby Subscription Agreement with Stock Assist Group Pty Ltd. Under this amendment, the Company has a facility of up to \$5,000,000 by issuing shares at 80% of 5-day VWAP, which it can utilise to meet short-term working capital requirements. An establishment fee of 8,000,000 shares on the amended Subscription Agreement has been paid.

As disclosed in Note 24, the Company received an R&D rebate of \$1.27m in September 2018 in addition to repaying the \$1,000,000 Convertible Note (refer Note 15).

The Directors have prepared a cashflow forecast which indicates that the Company will have sufficient cashflows 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 drawdown of the Standby Subscription Agreement with Stock Assist Group Pty Ltd to meet the payment requirements of their creditors;
- The ability of the Company to raise capital from equity markets as required; and
- Containing cash outflows based on working capital requirements.

# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

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.

#### (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) Financial assets

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Subsequent to initial recognition, investments in subsidiaries are measured at cost.

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

##### Available-for-sale financial assets

Shares and options held by the company are classified as being available-for-sale and are stated at fair value less impairment. Gains and losses arising from changes in fair value are recognised directly in the available-for-sale revaluation reserve, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in the available-for-sale revaluation reserve is included in the Statement of Profit or Loss and Other Comprehensive Income for the year.

Financial assets at fair value through the Statement of Profit or Loss and Other Comprehensive Income  
The Company classifies certain shares as financial assets at fair value through profit or loss. Financial assets held for trading purposes are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in the Statement of Profit or Loss and Other Comprehensive Income for the year.

##### Loans and receivables

Trade receivables, loans, and other receivables are recorded at amortised cost less impairment.

#### (d) Financial instruments issued by the company

# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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### Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

### Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

### Fair Value of Assets and Liabilities

The Company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to

the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

### Valuation techniques

In the absence of an active market for an identical asset or liability, the Company selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Company are consistent with one or more of the following valuation approaches:

**Market approach:** valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

**Income approach:** valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

**Cost approach:** valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation

technique, the Company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

### Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

#### Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

#### Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly

#### Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable,

the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

(i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or

(ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

### **(e) 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

# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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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.

### **(f) 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.

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.

### **(g) 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.

# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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.

### **(h) 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.

### **(i) Presentation currency**

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

### **(j) 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%

### **(k) Exploration and Evaluation Expenditure**

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



# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

### **(l) Intangible assets**

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

### **(m) 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.

### **(n) Revenue recognition**

#### **Interest revenue**

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

### **(o) 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.

### **(p) 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**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that it transferred to the company, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the year.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the years in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.



# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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### **(q) 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.

### **(r) 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.

#### *Share based payments*

The Company measures the cost of equity-settled transactions principally with its creditors by reference to the fair value of the equity instruments at the date at which they are granted. Share based payments are disclosed at Note 25.

#### *Environmental Issues*

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the Company's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

#### *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.

#### *Impairment of intangible assets*

The Company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Consolidated entity that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

#### *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.

#### *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 Group 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.

### **(t) Adoption of New and Revised Accounting Standard**

#### **New, revised or amending Accounting Standards and Interpretations adopted**

The group has adopted all of the new, revised or amending 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 group during the financial year.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

#### **New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the group for the annual reporting period ended 30 June 2018. The group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the group, are set out below.

# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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### *AASB 9 Financial Instruments*

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The group will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the group.

### *AASB 15 Revenue from Contracts with Customers*

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The group will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the group.

# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### *AASB 16 Leases*

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The group will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the group.

### *(u) Restatement of Prior Period*

During the period, prior period errors were identified as an omission in the 30 June 2017 financial report. Costs of \$156,000 relating to an introduction fee for the sale of the Doherty's project was approved by shareholders at an Extraordinary General Meeting on 22 June 2017 was not accrued as at 30 June 2017. Expenditure incurred in relation to the 2017 financial year was also not recognised until the 2018 financial year. As a result, the comparative figures have been adjusted for this error, which impacts the following line items:

	<b>30 June 2017</b>		
	<b>\$</b>		
	<b><i>Original</i></b>	<b><i>Adjustment</i></b>	<b><i>Restated</i></b>
Loss for the period	(3,160,464)	(289,570)	(3,450,034)
Trade and other payables	2,395,417	289,570	2,684,987
Accumulated losses	(15,661,702)	(289,570)	(15,951,272)
Basic and diluted earnings per share (cents)	(0.88)	(0.08)	(0.96)

These included related party transactions with the following parties:

- services provided by Namija Pty Ltd of an additional \$73,600; and
- services provided by Denarda Holdings Pty Ltd of \$20,800. This was settled in the 2018 financial year via the offset against the prepaid drilling asset.

### **NOTE 3: REVENUE FROM CONTINUING OPERATIONS**

	<b>30 June 2018</b>	<b>30 June 2017</b>
	<b>\$</b>	<b>\$</b>
Research & Development Rebate	1,833,192	762,461
Interest Income	312	335
Other Income	243	-
	<b>1,833,747</b>	<b>762,796</b>

# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 4: LOSS BEFORE INCOME TAX

The loss before income tax has been arrived at after charging the following expenses:

	30 June 2018 \$	30 June 2017 \$
Insurance expenses	6,907	10,128
Telephone expenses	7,092	4,650
Other administration expenses	213,669	220,932
	<u>227,668</u>	<u>235,710</u>

### NOTE 5: INCOME TAX

#### (a) Current tax expense

	30 June 2018 \$	30 June 2017 Restated \$
Current year	-	-
	5(b) -	-

#### (b) Numerical reconciliation between tax expense and pre-tax net profit

	30 June 2018	30 June 2017
Profit/ (Loss) before tax	(3,622,547)	(3,450,034)
Income tax expense/(benefit) calculated at 27.5%	(996,200)	(948,760)
Tax effect of:		
- Non-deductible expenses	75,566	176,279
- Impairment	-	-
- Share based payments	345,765	-
- Current year revenue losses for which no deferred tax asset has been recognised	-	-
-Unrecognised timing differences	270,570	982,157
-Exploration costs	-	-
- Taxable profit on disposal of tenements	-	-
-Research & Development rebate received	304,299	(209,676)
Capital losses utilised	-	-
Prior year tax losses utilised	-	-
Income tax expense on pre-tax net profit	-	-

#### (c) Unrecognised deferred tax balances

The following deferred tax assets at 27.5% (2017: 27.5%) have not been brought to account:

Unrecognised deferred tax asset – tax losses	1,687,517	1,955,837
Unrecognised deferred tax asset- other timing differences	112,378	241,848
Net deferred tax assets	<u>1,799,895</u>	<u>2,197,685</u>

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.

In July 2018, the Company applied for and has been assessed as being eligible to receive a rebate from the Australian Taxation Office of \$1,278,783 representing the tax value of research and development costs for the year 30 June 2018. This rebate was received on 4 September 2018.

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 2018

<b>NOTE 6: EARNINGS PER SHARE</b>	<b>30 June 2018</b> \$	<b>30 June 2017</b> <i>Restated</i> \$
a. Profit/(loss) for the year	(3,622,547)	(3,450,034)
b. Weighted average number of ordinary shares at 30 June	893,203,375	359,665,255
Earnings/(loss) per share – cents	(0.41)	(0.96)

<b>NOTE 7: CASH AND CASH EQUIVALENTS</b>	<b>30 June 2018</b> \$	<b>30 June 2017</b> \$
Cash at bank	726,100	1,087,258

<b>NOTE 8: TRADE AND OTHER RECEIVABLES</b>	<b>30 June 2018</b> \$	<b>30 June 2017</b> \$
<b>Current</b>		
Research & Development Rebate for 2017/18 (i)	1,278,783	-
Receivable from Accelerated Mining Pty Ltd	-	50,000
Prepaid Interest on Convertible Note – Gurindji Pty Ltd (ii)	54,137	30,136
Other receivables	80,573	-
Bonds and Security Deposits	20,078	23,604
	-	-
	<b>1,433,572</b>	<b>103,740</b>

As at 30 June 2018 trade and other receivables do not contain any impaired assets.

- (i) On 4 September 2018, the Company received a research and development rebate for the financial year ended 30 June 2018 from AusIndustry and the Australian Taxation Office. Refer to note 5 and 23 of the financial report.
- (ii) Refer note 15 for information regarding the Convertible Note with Gurindji Pty Ltd.

<b>NOTE 9: OTHER ASSETS</b>	<b>30 June 2018</b> \$	<b>30 June 2017</b> \$
<b>Current</b>		
Prepaid Drilling Expenses	67,677	200,277
	<b>67,677</b>	<b>200,277</b>

The Company has a contract with Denarda Holdings Pty Ltd for the provision of drilling services and associated services. Pursuant to this Agreement the Company has prepaid drilling expenses. This prepayment will be recovered from drilling and other associated services provided by Denarda. Refer to Note 22 for further explanations.

# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 10: EXPLORATION AND EVALUATION ASSETS

	30 June 2018 \$	30 June 2017 \$
<b>Current</b>		
Forrestania project (i)	850,000	-
Lady Lila tenements (ii)	400,000	-
	<u>1,250,000</u>	<u>-</u>

- (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) Pursuant to a Heads of Agreement dated 20 March 2017 between the Company and Fortuna SL Mining Pty Ltd ("Fortuna") the Company acquired 100% gold interest in 2 prospecting licences, also known as the Lady Lila tenements. The acquisition was completed on 4 August 2017 with the payment of the consideration, being the issue of 40,000,000 shares. The Company's shareholders approved this issue at the General Meeting on 21 June 2017. As disclosed at Note 18, Fortuna retain a 2.5% Net Smelter Royalty on all gold production.

Refer Note 25 for further information in relation to share based payments.

### NOTE 11: PLANT AND EQUIPMENT

	30 June 2018 \$	30 June 2017 \$
<b>Gross Carrying Amount</b>		
<b>Motor Vehicles, Caravan and Quad Bikes</b>		
Opening balance	232,394	232,394
Acquisitions	145,000	-
Disposals	-	-
Closing balance	<u>377,394</u>	<u>232,394</u>
<b>Plant &amp; Equipment</b>		
Opening balance	160,112	160,112
Acquisitions	20,394	3,463
Disposals	-	-
Closing balance	<u>180,506</u>	<u>163,575</u>
<b>Motor Vehicle under Hire Purchase</b>		
Opening balance	139,853	139,853
Acquisitions	-	-
Disposals	-	-
Closing balance	<u>139,853</u>	<u>139,853</u>
<b>Total Cost</b>	<b><u>697,753</u></b>	<b><u>535,822</u></b>
	<b>30 June 2018</b>	<b>30 June 2017</b>
	<b>\$</b>	<b>\$</b>
<b>Accumulated Depreciation</b>		
<b>Motor Vehicles, Caravan and Quad Bikes</b>		
Opening balance	124,159	124,159
Depreciation charge for year	26,984	19,555
Disposals	-	-
Closing balance	<u>151,143</u>	<u>143,714</u>
<b>Plant &amp; Equipment</b>		
Opening balance	127,558	127,558
Depreciation charge for year	29,053	12,123
Closing balance	<u>156,611</u>	<u>139,681</u>

# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

<b>Motor Vehicle under Hire Purchase</b>		
Opening balance	57,626	57,626
Depreciation charge for year	27,944	15,417
Closing balance	85,570	73,043
	<b>393,324</b>	<b>356,438</b>
<b>Carrying Amount</b>		
<b>Motor vehicles, Caravan and Quad Bikes</b>		
At 1 July	108,235	108,235
At 30 June	226,252	88,680
<b>Plant &amp; Equipment</b>		
At 1 July	33,281	33,281
At 30 June	23,895	23,895
<b>Motor Vehicle under Hire Purchase</b>		
At 1 July	82,227	82,227
At 30 June	54,282	66,809
<b>Total Carrying Amount 30 June 2018</b>	<b>304,429</b>	<b>179,384</b>

### NOTE 12: OTHER ASSETS

	<b>30 June 2018</b>	<b>30 June 2017</b>
	<b>\$</b>	<b>\$</b>
<b>Non- Current</b>		
Bond on tenements	3,642	3,642
Option Fee – Kat Gap tenements (i)	50,000	-
	<b>53,642</b>	<b>3,642</b>

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.

### NOTE 13: TRADE AND OTHER PAYABLES

	<b>30 June 2018</b>	<b>30 June 2017</b>
	<b>\$</b>	<b>\$</b>
		<b>(restated)</b>
<b>Current</b>		
Trade and other creditors (i)	1,116,537	1,597,232
Accruals	372,167	900,247
Accrual – outstanding salaries - Jacob Douch (ii)	70,615	187,508
	<b>1,559,319</b>	<b>2,684,987</b>

- (i) Trade payables are non-interest bearing and are normally settled on 30-60 day terms. As at 30 June 2018, the amount of Trade payables was \$838,891 and the amount exceeding normal trading terms totalling \$449,675
- (ii) Jacob Douch agreed to defer the payment of salaries until such time as the Company could pay them. The amount as at 30 June 2018 owing to Jacob Douch was \$70,615.



# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 14: PROVISION FOR EMPLOYEE BENEFITS

	30 June 2018 \$	30 June 2017 \$
<b>Current</b>		
Provision for Annual Leave	114,156	74,177
	114,156	74,177

### NOTE 15: BORROWINGS

	30 June 2018 \$	30 June 2017 \$
<b>Current</b>		
Loans from shareholders (i)	412,324	2,350
Loans from Related Parties (ii)	1,000,000	1,000,000
Hire Purchase contract (iii)	60,745	23,065
	1,473,069	1,025,415
<b>Non-Current</b>		
Hire purchase contract (iii)	-	61,106
	-	61,106

(i) As at 30 June 2018, a short-term loan of \$400,000 had been advanced to the Company by one of its shareholders. This short-term loan was unsecured and Interest accrued at 10% per month on this loan. Additional costs of financing included the issue of 5,000,000 shares up-front with additional 5,000,000 shares to be issued each month. The cost of the initial 5,000,000 shares (being \$20,000) are amortised over the life of the loan.

(ii) The Company previously received the proceeds of a Convertible Note issue of \$1M to MD Vest Pty Ltd. During the period, the convertible note was transferred to Gurindji Pty Ltd. Under the terms of the Convertible Note ("CN") the face value of the CN could be converted into shares at any time during a 12-month period at an exercise price of \$0.03 per share. This was subject to shareholder approval. This facility was extended until 25 August 2018 Interest on the CN accrued at 20.0% per annum. Under the terms of the agreed extensions, a total of 10,000,000 shares in Classic Minerals Limited were also to be issued, however these were settled during the period through the Stock Assist facility for \$54,000. On 4 September 2018, the Company repaid the CN in full and has received confirmation from Gurindji Pty Ltd that all debt owing has been repaid.

(iii) The hire purchase contract is secured by a motor vehicle.

### NOTE 16: ISSUED CAPITAL

	30 June 2018 \$	Number of Shares
<b>Ordinary shares</b>		
At the beginning of the reporting year	13,679,888	410,572,007
Share based payments (refer to Note 25)	5,058,802	1,078,867,437
Share Capital issued at 0.32 cents (December 2017)	100,000	31,250,000
Share Capital issued at 0.4 Cents (March 2018)	562,000	140,500,000
Share Capital issued at 0.4 cents (May / June 2018)	852,200	213,050,000
Application Funds received in advance	86,600	-
Less: expenses related to capital raisings	(76,795)	-
At the end of the reporting year	20,262,695	1,874,239,444

	30 June 2017 \$	Number of Shares
<b>Ordinary shares</b>		
At the beginning of the reporting year	13,030,949	325,467,635
Share based payments (refer to Note 25)	524,939	63,000,000
Share Capital issued at 0.3 cents (November 2016)	24,000	8,000,000
Share Capital issued at 0.7 cents (June 2017)	100,000	14,104,372
At the end of the reporting year	13,679,888	410,572,007

# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 17: EXPENDITURE COMMITMENTS

#### (a) Exploration Expenditure Commitments

Payable

Not later than 1 year

Later than 1 year but not later than 5 years

Later than 5 years

	30 June 2018 \$	30 June 2017 \$
	398,589	537,501
	640,504	1,200,006
	-	-
	1,039,094	1,737,507

#### (b) Rental Commitments

Payable

Not later than 1 year

Later than 1 year but not later than 5 years

	30 June 2018 \$	30 June 2017 \$
	46,977	24,828
	-	-
	46,977	24,828

The Company has entered into a contract to lease office and warehouse premises located at 71 Furniss Street, Landsdale, 6065. The lease has been renewed from 1 November 2017 for a period of 24 months. The new lease reflects an increase of 3% in base rent to \$80,534 plus variable outgoings estimated to be around \$30,000. A security deposit of \$20,000 has been paid.

#### (c) Finance lease commitments – Company as lessee

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	30 June 2018 \$	30 June 2017 \$
Within one year	62,106	23,066
After one year but not more than five years	-	87,154
Total minimum lease repayments	62,106	110,220
Less amounts representing finance charges	(1,361)	(26,048)
Present value of minimum lease payments	60,745	84,172
Included in the financial statements as:		
Current interest-bearing liabilities	60,745	23,066
Non-current interest-bearing liabilities	-	61,106
Total included in interest-bearing liabilities	60,745	84,172

#### (d) Capital Expenditure Commitments

There were no capital expenditure commitments at 30 June 2018.

### NOTE 18: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Under the terms of the agreement entered into with Fortuna SL Mining Pty Ltd for the acquisition of 100% gold interest in 2 prospective licences known as the Lady Lila tenements, Fortuna will retain a 2.5% Net Smelter Royalty on all gold production at these tenements.

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.

# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 19: 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.

### NOTE 20: STATEMENT OF CASH FLOWS

	30 June 2018 \$	30 June 2017 (restated) \$
<b>a. Reconciliation of the net loss after income tax to net cash flows from operating activities</b>		
Net profit/(loss) for the year	(3,622,547)	(3,450,034)
<b>Non-cash Items</b>		
Depreciation expense	40,350	47,095
Share based payments <sup>1</sup>	3,447,781	524,939
<b>Changes in assets and liabilities</b>		
(Increase)/decrease in debtors/receivables	(1,329,832)	3,375,693
(Increase)/decrease in other assets	82,600	-
Increase/(decrease) in trade creditors and accruals	(1,125,668)	642,442
Increase/(decrease) in provisions	39,979	(31,020)
Cash outflows from operations	<u>(2,467,337)</u>	<u>1,109,115</u>

<sup>1</sup> During the year, non-cash share-based payments amounted to \$5,058,802. Of these, \$3,447,781 related to operating activities. Other share-based payments in relation to financing and investing activities were \$1,611,021 in total. These included:

Investing:

- Acquisition of a motor vehicle for \$140,000 (excluding financing costs)
- Acquisition of mining equipment for \$10,000
- Acquisition of exploration assets for \$1,250,000

Financing:

- Settlement of loans payable of \$211,021.

For further information on share based payments refer to Note 25.

### Reconciliation of cash and equivalents

Cash and equivalents comprise

- cash at bank and in hand

726,100	1,087,258
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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.

### NOTE 21: KEY MANAGEMENT PERSONNEL DISCLOSURES

	30 June 2018 \$	30 June 2017 \$
(a) Compensation of key management personnel by category		
Short-term employee benefits	633,253	629,175
Post employment benefits	41,412	52,995
Share-based payment	168,600	-
	<u>843,265</u>	<u>682,170</u>

# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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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.

During the period prior to his resignation as an Executive Director, Justin Douch had a non-monetary benefit of \$21,330 (2017: \$21,330) in relation to the exclusive use of the Company motor vehicle.

### NOTE 22: RELATED PARTY TRANSACTIONS

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

#### 2018

In 2018, an aggregate amount of \$221,278 was due and payable to Mr Justin Douch this amount represented salaries totalling \$97,678 up to 6 November 2017 in his capacity as an Executive Director. During a transitional period, Mr Douch received \$123,600 on an ad hoc contract basis. An amount of \$21,525 remained owing as at 30 June 2018.

- Denarda Holdings Pty Ltd is in the business of providing drilling services to mining companies and these services were provided to this Company at commercial rates. During the period, total services provided by Denarda were for \$111,800. An amount of \$67,677 remains as a prepayment for future drilling as at 30 June 2018. This balance will be reduced in future years through the provision of further drilling services and associated services.  
In 2018, an aggregate amount of \$306,370 was expensed by the Company in relation to services provided by Namija Pty Ltd ("Namija"). Services performed by Namija during the year include consulting and fees in relation to business strategy, financing and indigenous affairs support at commercial rates. An amount of \$57,402 remains owing as at 30 June 2018

#### 2017

- Denarda Holdings Pty Ltd is in the business of providing drilling services to mining companies and these services were provided to this Company at commercial rates. During the period, total services provided by Denarda were for \$20,800. An amount of \$200,277 remains as a prepayment for future drilling as at 30 June 2017. This balance will be reduced in future years through the provision of further drilling services and associated services.
- In 2017, an aggregate amount of \$322,935 was expensed by the Company in relation to services provided by Namija Pty Ltd ("Namija"). Services performed by Namija during the year include consulting and fees in relation to business strategy, financing and indigenous affairs support at commercial rates. An amount of \$12,009 remains owing as at 30 June 2017.

# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 23: 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 2018	30 June 2017
	\$	Restated \$
<b>Financial assets</b>		
Cash and cash equivalents	726,100	1,087,258
Trade and other receivables	1,433,572	103,740
	<u>2,159,672</u>	<u>1,190,998</u>
<b>Financial liabilities</b>		
Trade and other payables	1,559,319	2,684,987
Borrowings	1,473,069	1,025,415
	<u>3,032,388</u>	<u>3,710,402</u>

The Company's principal financial instruments comprise cash, 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.

# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 23: FINANCIAL RISK MANAGEMENT AND POLICIES (continued)

#### (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.

#### (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:-

	<b>30 June 2018</b>	<b>30 June 2017</b>
	<b>\$</b>	<b>\$</b>
<b>Cash and cash equivalents</b>		
AA S&P rating	726,100	1,087,258
<b>Trade and Other receivables</b>		
Unsecured	1,433,572	103,740

#### (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 and a hire purchase liability.

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

# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 23: FINANCIAL RISK MANAGEMENT AND POLICIES (continued)

Year ended 30 June 2018	<1 year	1 - 5 Years	Over 5 Years	Total contractual cashflows	Weighted average effective interest rate %
<b>Financial Assets:</b>					
Cash and Cash equivalents	726,100	-	-	726,100	-
Trade and other Receivables	1,433,572	-	-	1,433,572	-
	<u>2,155,672</u>	<u>-</u>	<u>-</u>	<u>2,155,672</u>	
<b>Financial Liabilities:</b>					
Trade and other payables	1,559,319	-	-	1,559,319	-
Hire purchase liabilities	60,745	-	-	60,745	5.3
Borrowings	1,412,324	-	-	1,412,324	62.67
	<u>3,032,388</u>	<u>-</u>	<u>-</u>	<u>3,032,388</u>	
Year ended 30 June 2017 (restated)	<1 year	1 - 5 Years	Over 5 Years	Total contractual cashflows	Weighted average effective interest rate %
<b>Financial Assets:</b>					
Cash and Cash equivalents	1,087,258			1,087,258	-
Trade and other Receivables	103,740			103,740	-
	<u>1,190,998</u>	<u>-</u>	<u>-</u>	<u>1,190,998</u>	
<b>Financial Liabilities:</b>					
Trade and other payables	2,684,987			2,684,987	-
Hire purchase liabilities	23,066	61,106	-	84,172	5.3
Borrowings	1,002,350	-	-	1,002,350	34.73
	<u>3,710,403</u>	<u>61,106</u>	<u>-</u>	<u>3,771,509</u>	

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

# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 23: FINANCIAL RISK MANAGEMENT AND POLICIES (continued)

#### (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 2018, the Company's strategy, which has remained unchanged from 2016 and 2017, 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.

### NOTE 24: SUBSEQUENT EVENTS

On 4 September 2018, the Company repaid the Convertible Note of \$1M held by Gurindji Pty Ltd (transferred from MD Vest Pty Ltd) in full. There is no further liability on the Convertible Note.

On 10 August 2018, the Company concluded a second private placement of shares arranged by a leading Perth stock broking firm. This issue of 400m shares was made to sophisticated and professional investors. As a result of this placement, Classic received \$1,800,000 less 6% brokerage fees and commissions of \$108,000 (GST exclusive).

In July 2018, the Company applied for a Research & Development rebate from the Australian Taxation Office and AusIndustry. On 4 September 2018, the Company received the full amount of the rebate of \$1,278,783.

There have been no other matters or circumstances that have arisen since 30 June 2018 that have or may significantly affect the operations, results, or state of affairs of the Company in future financials years.

### NOTE 25: SHARE BASED PAYMENTS

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

Name	Grant Date	Vesting Date	Number of shares	Total Value(\$)	Expense
Russell Tierney	8 August 2017	8 August 2017	1,666,666	10,000	Field supplies
Claire Nicholson	8 August 2017	8 August 2017	714,286	5,000	Creditor
Greywood Holdings Pty Ltd	8 August 2017	8 August 2017	26,000,000	156,000	Commission
Fortuna SL Mining Pty Ltd	8 August 2017	8 August 2017	40,000,000	400,000	Exploration Asset
Stock Assist Group Pty Ltd	22 August 2017	22 August 2017	85,000,000	850,000	Exploration Asset
Gary Douch	24 August 2017	24 August 2017	2,626,515	26,265	Creditor
Brett Lewis Contracting	24 August 2017	24 August 2017		30,000	Creditor
			3,000,000		
Stock Assist Group Pty Ltd	22 August 2017	22 August 2017	8,000,000	64,000	Financing
Stock Assist Group Pty Ltd	24 August 2017	24 August 2017	77,057,142	280,400	SSA
Lincoln and Pauline Topham	24 August 2017	24 August 2017	7,142,857	50,000	Drilling Costs
Stock Assist Group Pty Ltd	13 November 2017	13 November 2017	25,300,000	86,931	SSA
Stock Assist Group Pty Ltd	6 December 2017	6 December 2017	76,562,765	263,070	SSA
Stock Assist Group Pty Ltd	9 December 2017	9 December 2017	12,501,328	50,005	SSA
Stock Assist Group Pty Ltd	14 December 2017	14 December 2017	1,273,438	4,075	Financing Costs
Stock Assist Group Pty Ltd	14 December 2017	14 December 2017	3,098,750	9,916	Financing Cost
Stock Assist Group Pty Ltd	14 December 2017	14 December 2017	479,954	1,565	Corporate advisory
Stock Assist Group Pty Ltd	29 December 2017	29 December 2017	9,000,000	28,800	Creditor
Jett Holdings Pty Ltd	29 December 2017	29 December 2017	68,750,000	220,000	Financing



# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Share Purchase Plan	6 April 2018	6 April 2018	135,625,000	542,500	Various
			0		
Hanlec Electrical Pty Ltd	23 April 2018	23 April 2018	2,500,000	10,000	Capital
Colin and Heather Muir	23 April 2018	23 April 2018	2,896,300	11,585	Field Supplies
S3 Consortium Pty Ltd	23 April 2018	23 April 2018	12,375,000	49,500	Marketing
CPS Capital Group Pty Ltd	23 April 2018	23 April 2018	1,500,000	6,000	Financing Costs
Mahe Investments Pty Ltd	23 April 2018	23 April 2018	3,500,000	14,000	Financing Costs
Reliant Resources Pty Ltd	30 April 2018	30 April 2018	3,750,000	15,000	Consulting Fees
Greywood Holdings Pty Ltd	30 April 2018	30 April 2018	2,000,000	8,000	Financing Costs
Stock Assist Group Pty Ltd	30 April 2018	30 April 2018	249,798,810	999,195	Financing Costs
Stock Assist Group Pty Ltd	8 May 2018	8 May 2018	71,688,147	286,753	Barrambie Rights
Lincoln and Pauline Topham	8 May 2018	8 May 2018	10,000,000	40,000	Financing
Jacob Douch	8 May 2018	8 May 2018	6,250,000	25,000	Salary
Adam McKay	8 May 2018	8 May 2018	7,500,000	30,000	Financing
Jett Holdings Pty Ltd	8 May 2018	8 May 2018	6,015,688	24,063	Financing
Stock Assist Group Pty Ltd	8 May 2018	8 May 2018	2,478,125	9,912	Financing
CTRC Pty Ltd	6 June 2018	6 June 2018	5,000,000	20,000	Financing
Stock Assist Group Pty Ltd	6 June 2018	6 June 2018	16,000,000	64,000	Financing
CTRC Pty Ltd	28 June 2018	28 June 2018	5,000,000	20,000	Financing
Greywood Holdings Pty Ltd	28 June 2018	28 June 2018	33,333,333	133,333	Financing
Aneles Consulting Services Pty Ltd	28 June 2018	28 June 2018	53,483,333	213,933	Vehicle acquisition and financing
			<b><u>1,078,867,437</u></b>	<b><u>5,058,801</u></b>	

### NOTE 26: AUDITORS REMUNERATION

	30 June 2018 \$	30 June 2017 \$
Auditors remuneration	25,520	33,733
	<u>25,520</u>	<u>33,733</u>

### NOTE 27: COMPANY DETAILS

The principal place of business of the Company is 71 Furniss Road, Landsdale WA 6065.

# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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As at 22 October 2018

The following additional information is required by the ASX limited in respect of listed public companies and is current as at 22 October 2018:

1) Shareholding

a) Distribution of Shareholders	Shareholders	Ordinary Shares
Size of Holding		
1 - 1,000	27	2,384
1,001 - 5,000	4	16,704
5,001 - 10,000	116	1,131,205
10,001 - 100,000	477	31,877,775
100,001 - 999,999,999,999	1,400	2,472,125,502
<b>TOTAL</b>	<b>2,024</b>	<b>2,505,153,570</b>

- b) The number of shareholdings held which comprise less than a marketable parcel is 624 shareholders holding 33,028,068 shares
- c) As at 2 October 2018 there are no restricted shares.
- d) There are no substantial shareholders listed in the company's registry as at 22 October 2018.
- e) The voting rights attached to the ordinary shares are as follows:
- i) 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.

# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### Top 20 Shareholders as of 19 October 2018

	Number of Ordinary Fully Paid Shares	% held of Issued Ordinary Capital
1 STOCK ASSIST GROUP PTY LTD	72,680,341	2.9
2 DR SALIM CASSIM	70,000,000	2.79
3 T T NICHOLLS PTY LTD <TT NICHOLLS P/L S/F A/C>	45,000,000	1.8
4 GURINDJI PTY LTD <GURINDJI A/C>	39,027,999	1.56
5 NAMIJA PTY LTD	34,999,000	1.4
6 MR JUSTIN ARON DOUTCH	34,775,000	1.39
7 JETT HOLDINGS PTY LTD	34,568,181	1.38
8 GREYWOOD HOLDINGS PTY LTD	34,433,333	1.37
9 GURINDJI PTY LTD <GURINDJI A/C>	34,000,000	1.36
10 MR DON FORSHAW BATLEY	32,772,508	1.31
11 RELIANT RESOURCES PTY LTD <GOODWIN FAMILY S/F A/C>	32,700,000	1.31
12 MR FARIS SALIM CASSIM	30,000,000	1.2
13 MR ADAM JOHN LAURENCE MCKAY	30,000,000	1.2
14 LIONE DOUTCH	29,724,214	1.19
15 BNP PARIBAS NOMINEES PTY LTD <LDN UK BCH DRP A/C>	29,106,473	1.16
16 CTRC PTY LTD	27,138,447	1.08
17 MR JACOB SPENCER DOUTCH	26,637,209	1.06
18 GURINDJI PTY LTD <GURINDJI A/C>	25,072,553	1.00
19 LOKTOR HOLDINGS PTY LTD <TAYBIRD A/C>	22,500,000	0.9
20 ANELES CONSULTING SERVICES PTY LTD	22,311,219	0.89
<b>Totals: Top 20 holders of CLZ ORDINARY FULLY PAID</b>	<b>707,446,477</b>	<b>28.24</b>
<b>Total Remaining Holders Balance</b>	<b>1,797,707,093</b>	<b>71.76</b>
<b>Total Holders Balance</b>	<b>2,505,153,570</b>	<b>100%</b>

# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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<b>Schedule of Mineral Tenements as at 22 October 2018</b>		
<b>TENEMENT</b>	<b>AREA</b>	<b>INTEREST HELD BY CLASSIC MINERALS LIMITED</b>
<b>E74/422</b>	Forrestania	100%
<b>E74/467</b>	Forrestania	100%
<b>P77/4291</b>	Forrestania	80%
<b>P77/4290</b>	Forrestania	80%
<b>E77/2207</b>	Forrestania	80%
<b>E77/2219</b>	Forrestania	80%
<b>E77/2220</b>	Forrestania	80%
<b>E77/2239</b>	Forrestania	80%
<b>E77/2303</b>	Forrestania	80%
<b>P77/4325</b>	Forrestania	100%
<b>P77/4326</b>	Forrestania	100%
<b>E77/2472</b>	Forrestania	100%
<b>E77/4271</b>	Forrestania	100%
<b>E77/2470</b>	Forrestania	100%
<b>E28/1904</b>	Fraser Range	100%
<b>E28/2705</b>	Fraser Range	100%
<b>E28/2704</b>	Fraser Range	100%
<b>E28/2703</b>	Fraser Range	100%