

# **CLASSIC MINERALS LIMITED**

**ACN: 119 484 016**

ANNUAL REPORT  
FOR THE YEAR ENDED  
30 JUNE 2021

# CLASSIC MINERALS LIMITED

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# **CLASSIC MINERALS LIMITED**

## **CORPORATE DIRECTORY**

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### **DIRECTORS**

John Lester  
Frederick Salkanovic  
Lu Ning Yi  
Stephen John O'Grady  
Gillian Catherine King

### **COMPANY SECRETARY**

Madhukar Bhalla

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

77 119 484 016

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

71 Furniss Road  
Landsdale, WA 6065

### **SHARE REGISTRY**

Link Market Services  
Level 12, 680 George Street  
Sidney NSW 2000

### **AUDITORS**

Hall Chadwick WA Audit Pty Ltd  
283 Rokeby Road  
Subiaco, WA 6008

### **SECURITIES EXCHANGE LISTING**

Australian Securities Exchange (ASX: CLZ)

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# CLASSIC MINERALS LIMITED

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## DIRECTORS' REPORT

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In order to comply with the provisions of the Corporations Act 2001, the Directors of Classic Minerals Limited submit herewith the financial report and the directors report for the financial year ended 30 June 2021.

### Directors

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

John Lester  
Frederick Salkanovic  
Lu Ning Yi  
Stephen John O'Grady  
Gillian Catherine King (appointed 6 May 2021)

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

### Company Secretary

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

Madhukar Bhalla

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

### Current Directors' qualifications and experience

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

Age: 79 years old

Qualifications and Experience

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

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

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

Shareholdings as at the date of this report:

54,750,000 ordinary shares  
13,687,500 options

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# CLASSIC MINERALS LIMITED

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## DIRECTORS' REPORT

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

**Age: 76 years old**

Qualifications and Experience

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

Shareholdings as at the date of this report:

56,875,000 ordinary shares  
14,218,750 options

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

**Age: 67 years old**

Qualifications and Experience

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

Shareholdings as at the date of this report:

71,293,415 ordinary shares  
17,823,354 options

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

**Age: 59 years old**

Qualifications and Experience

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

Shareholdings as at the date of this report:

Nil

# CLASSIC MINERALS LIMITED

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## DIRECTORS' REPORT

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### Gillian Catherine King (Non-Executive Director) (Appointed 06 May 2021)

Age: 51 years old

#### Qualifications and Experience

Gillian brings a wealth of experience in Human Resources and Indigenous Affairs. Ms. King is a Noongar and Gurindji descendant; whose background is versatile and has experience in a variety of professional appointments and in business. She has been an Employment Consultant working with remote indigenous clients in the Pilbara assisting with employment placement as well as owning their business and managing finances.

Gillian obtained a Certificate in Metalliferous Mining open cut and, due to her industry and efforts, was a finalist in the Training and Excellence Awards 2004. She has experience in Haulage and in Laboratory analysis.

Gillian is qualified in Training, Assessing and Mentoring Indigenous staff for retention in their employment. She has been employed with the Disability Service Commission as a Social Trainer and as an Indigenous Support Worker for Families experiencing Domestic Violence situations.

#### Meetings of directors

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

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

| Director               | Board of Directors   |                              |
|------------------------|----------------------|------------------------------|
|                        | Meetings<br>Attended | Number<br>Eligible to Attend |
| John Lester            | 21                   | 21                           |
| Lu Ning Yi             | 21                   | 21                           |
| Frederick Salkanovic   | 21                   | 21                           |
| Stephen John O'Grady   | 21                   | 21                           |
| Gillian Catherine King | 7                    | 7                            |

The Company agreed that in order to reduce costs of directors travelling to Perth to attend board meetings that most of the decisions would be discussed and reduced to Circular Resolutions. During the year ended 30 June 2021 there were 21 Circular Resolutions that were passed unanimously by all Directors.

#### Principal activities

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

#### Operating results

The loss of the Company for the year ended 30 June 2021 amounted to \$13,713,932 (2020: loss of \$15,744,186).

#### Dividends

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

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## CLASSIC MINERALS LIMITED

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### DIRECTORS' REPORT

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

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

| Date of exercise | Number of shares issued | Amount paid for the shares |
|------------------|-------------------------|----------------------------|
| 13/08/2020       | 37,823,090              | \$75,664                   |
| 18/03/2021       | 324,003                 | \$972                      |
| 29/04/2021       | 20,834                  | \$63                       |
| 17/06/2021       | 1,250,000               | \$3,750                    |
| 17/06/2021       | 79,250                  | \$238                      |
| 22/07/2021       | 23,000                  | \$69                       |

#### Unissued shares under option

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

| Date of options granted      | Number of shares under option | Exercise price of option | Expiry date of option |
|------------------------------|-------------------------------|--------------------------|-----------------------|
| 27/12/2018                   | 20,000,000                    | \$0.007                  | 05/11/2021            |
| 08/11/2019                   | 79,333,334                    | \$0.007                  | 05/11/2021            |
| 28/02/2019                   | 20,000,000                    | \$0.002                  | 01/03/2022            |
| 27/06/2019                   | 280,490,352                   | \$0.002                  | 01/03/2022            |
| 07/02/2020                   | 100,000,000                   | \$0.002                  | 01/03/2022            |
| 25/03/2020                   | 100,000,000                   | \$0.002                  | 01/03/2022            |
| 11/05/2020                   | 420,167,910                   | \$0.002                  | 01/03/2022            |
| 24/07/2020                   | 100,000,000                   | \$0.002                  | 01/03/2022            |
| 05/10/2020                   | 75,000,000                    | \$0.002                  | 01/03/2022            |
| 20/11/2020                   | 57,142,800                    | \$0.002                  | 01/03/2022            |
| Listed options<br>03/02/2021 | 4,218,525,049                 | \$0.003                  | 03/02/2024            |
| Listed options<br>17/06/2021 | 436,000,000                   | \$0.003                  | 03/02/2024            |
| Listed options<br>22/09/2021 | 36,000,000                    | \$0.003                  | 03/02/2024            |
| <b>TOTAL</b>                 | <b>5,942,659,445</b>          |                          |                       |

# CLASSIC MINERALS LIMITED

## DIRECTORS' REPORT

### Review of operations

In the 2020/21 reporting year, the following milestones were achieved:

- The granting of Mining Lease M74/249 over the Kat Gap resource area;
- Purchase of the Gekko plant;
- Obtained approvals to mine a 49,000t bulk sample at Kat Gap;
- Applications made to DMIRS for Native Vegetation Clearing Permit and Mining Proposal;
- Metallurgical studies reveal high recoveries of gravity gold at Kat Gap;
- Exploration continued to intersect high grade gold at the Forrestania Gold Project;

In the year, a total of 12,913m of RC drilling was completed in the Company's projects:

- Kat Gap 141 RC holes for 12,079m and
- Tangerine Trees 13 RC holes for 834m

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

The main thrust of exploration at Forrestania has been the Kat Gap project along with the Lady Ada and Lady Magdalene tenements. These all have a JORC-defined gold resource outlined in the following table.

Classic has been working heavily on the 100% owned Kat Gap tenements about 50 km to the Southeast of the Ladies. Here very significant high-grade gold intersections have been made. Classic has upgraded the potential of Kat Gap and is making it the main focus of its exploration. Classic has great faith in Kat Gap and during the year purchased a Gekko Gravity Feed Plant to exploit it. Kat Gap is now the Flagship project of the Company.

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

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

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

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

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

Notes:

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



## DIRECTORS' REPORT

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### Review of operations (continued)

#### 1. Kat Gap Gold Project

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

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

The company completed 141 RC holes for a total of 12,079m at Kat Gap during the reporting period. Some of the best intercepts returned include;

- 4m at 7.96g/t from 77m in FKGRC222
- 5m at 3.05g/t from 26m in FKGRC239
- 15m at 2.97g/t from 38m in FKGRC251
- 6m at 4.07g/t from 61m in FKGRC254
- 4m at 8.97g/t from 46m in FKGRC262
- 10m at 3.24g/t from 20m in FKGRC263
- 11m at 3.63g/t from 76m in FKGRC320
- 10m at 4.58g/t from 133m in FKGRC323
- 10m at 40.54g/t from 26m in FKGRC378

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

Most of the drilling was concentrated in a close-spaced pattern to allow for optimisation studies and pit design work. Incrementally step outs on close drill spacing has also allowed the company to better understand the structural setting of the mineralisation.

The Company applied for a Mining Lease over the Kat Gap resource area last financial year. Mining Lease M74/249 was finally granted over the main resource area on 22<sup>nd</sup> April 2021.

The Company made applications to DMIRS for the proposed Kat Gap mine development footprint. These applications include the Native Vegetation Clearing Permit and the Mining Proposal including mine closure plan.

Late in the financial year the Company received approvals for the mining of a bulk sample. The Company expects to extract 3,000-5,000 tonnes of ore at grades between 4g/t and 6g/t for around 750 ounces of contained gold. The approval allows for the extraction of up to 49,000 tonnes of combined waste and ore material. The bulk sample will provide valuable geological, engineering and metallurgical data prior to the commencement of full-scale mining and production.

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

#### 2. Van Uden West Prospect

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

Classic postulated back in April 2018 that anomalous gold mineralisation identified in historic air-core drill hole FTBAC037 potentially represented an undiscovered gold zone shallowly dipping to the east. Drilling conducted by Classic back in April 2018 suggested this was the case with strong gold mineralisation intersected in RC holes VUWRC001 which returned 13m grading 0.41g/t and VUWRC002 which returned 12m grading 5.75g/t.

## DIRECTORS' REPORT

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### Review of operations (continued)

During last financial year Classic completed 3 RC holes for 240m (VUWRC003-005) following up on RC holes VUWRC001 and VUWRC002. Unfortunately, only narrow zones of anomalous gold mineralisation were intersected suggesting Classic's original interpretation of shallow east dipping mineralisation was incorrect. It's quite possible the high-grade gold mineralisation intersected in the April 2018 drilling may well have an east-west strike like that of Lady Ada instead of the originally interpreted north-south strike. Further RC drilling will be required to test this new theory.

No significant results were returned.

### 3. Tangerine Trees Prospect

The company completed 13 RC holes for a total of 834m early in the financial year at the Tangerine Tree's prospect. The prospect is located approximately 2km west of Western Area's Spotted Quoll nickel mine or 35km's NNW of Kat Gap. This is the first drilling program conducted by Classic at the prospect. The last drilling program carried out by previous explorers was more than 20 years.

Classic's recent drill results indicate a shallow east dipping shear system within footwall amphibolites containing intense biotite alteration and heavy silicification similar in style to other gold occurrences in the Forrestania area. Transported clays and sands around 4-5m thick cover the primary gold mineralisation making it difficult at this early stage to ascertain where we might be in the overall gold mineralisation system.

Better results from the drilling program include;

- 2m at 3.12g/t from 28m in FTTRC002
- 6m at 1.57g/t from 31m in FTTRC003
- 4m at 1.47g/t from 37m in FTTRC007
- 4m at 1.61g/t from 54m in FTTRC008
- 5m at 1.92g/t from 62m in FTTRC009

### 4. Fraser Range Project

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

During the financial year 2020-2021, IGO notified Classic of its election to acquire a 51% interest in the Company's Fraser Range tenements, having earned that interest by spending \$1,500,000 on exploration of the tenements. Under the terms of the agreement, once the transfer of the 51% interest had been made, IGO would pay Classic \$500,000. This payment was made in June 2021. IGO also intends to spend a further \$1,000,000 exploring the tenements over the next 2 years to take its joint venture interest to 70%.

### 5. Corporate

During the financial year ended 30 June 2021 the Company achieved a number of significant milestones and targets:

- Capital raising by way of a Security Purchase Plan. The Company raised \$ 3,992,938.00 out of a maximum of \$ 4,000,000.00.
- Part delivery of the Gekko plant was received, commissioned, tested and delivered to Kat Gap. This is awaiting final approval from DMIRS before it can be reassembled for production purposes.
- The 2020 FY Research & Development Grant (R&D) from AusIndustry, as per government guidelines grant was successfully applied for and the applied amount of \$ 1,943,418.38 was approved and paid to the Company on 20th October 2020. The advance obtained from Radium Capital, was repaid immediately.
- A further placement underwritten by Raisebook Pty Ltd. was 3 times oversubscribed and raised \$ 1,200,000.00 (before costs).

# CLASSIC MINERALS LIMITED

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## DIRECTORS' REPORT

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### Review of operations (continued)

- The objection over the proposed mining lease lodged by Western Areas was withdrawn after amicable discussions. The approval for the grant on mining lease is now set to proceed and brings Classic one more step closer to Gold production.
- All shareholders as of Record Date of 22 January 2021 received One bonus Loyalty Option for every 4 shares held. These Options which will be exercisable at \$ 0.003 anytime within 3 years from issue date, are being issued to reward shareholders for their loyalty as the company continues its transition from an exploration company to a mine developer and minerals producer. 4,220,222,136 Listed (CLZOA) Loyalty Options were issued. These Options have an expiry date of 03 February 2024.
- An application was made to Radium Capital for financing against the R&D activities of the Company. During March the Company received \$ 996,000.00, before costs, in respect of the R&D funding.
- The Board appointed Ms Gillian King as a non-executive director of the Company. Ms King adds to the Board on many fronts including diversity, human resources and indigenous affairs. The Company now has a Board matrix with expertise in finance, international business, engineering, mine management, human resources and indigenous affairs.
- During the quarter our joint venture partner for the Fraser Range tenements IGO Newsearch Pty Ltd, a wholly owned subsidiary of IGO Limited (ASX: IGO), exercised their rights to acquire 51% of the Fraser Range tenements pursuant to satisfying the conditions in the Agreement. Classic received \$ 500,000.00, exclusive of GST, for this transaction.

### Significant changes in state of affairs

There were no significant changes in the state of affairs of the Company during the year ended 30 June 2021.

### Subsequent events

On 1 July 2021, the Company repaid the unsecured and non-bearing interest short-term loan of \$250,000 from Greywood Holdings Pty Ltd.

The Company entered into agreement with Greywood Holdings Pty Ltd for the advanced \$180,000 short-term loan on 12 July 2021, which matures on 12 September 2021 and carries an interest rate of 3% per month. The loan is secured against the Company's assets under Personal Property Securities Register. The extension loan is payable on 12 November 2021. The Company extended repayment date of \$500,000 loan from Greywood Holdings Pty Ltd which was due on 3 August 2021. The latest extension loan is payable on 3 December 2021.

The Company made repayment of \$150,000 short-term loan from CTRC Pty Ltd which was due on 13 July 2021.

The Company extended repayment date of \$300,000 loan from Gold Processing Equipment Pty Ltd which was due on 20 July 2021. The latest extension loan is payable on 20 November 2021.

On 21 July 2021 the Company issued 598,723,000 shares. The Company raised \$300,069 in cash and \$298,700 as debt settlement.

The Company extended repayment date of \$400,000 loan from Foskin Pty Ltd which was due on 29 July 2021. The latest extension loan is payable on 29 November 2021.

The General Meeting of Shareholders on 6 August 2021 approved the grants of 420,000,000 Performance Rights issued to Non-Executive Directors. Performance Rights issued in August 2021: 980,000,000 Class A Performance Rights and 420,000,000 Class B Performance Rights. Expiry of Performance Rights: 5:00 pm 30 June 2026.

The Company made repayment of \$300,000 short-term loan from Rotherwood Enterprises Pty Ltd which was due on 10 August 2021. Total repayment of principal and its interest on 13 September 2021 was \$364,208.22.

The Company made repayment of \$300,000 short-term loan from Klip Pty Ltd which was due on 10 August 2021. Total repayment of principal and its interest on 13 September 2021 was \$364,208.22.

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# CLASSIC MINERALS LIMITED

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## DIRECTORS' REPORT

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### Review of operations (continued)

The Company extended repayment date of \$250,000 loan from CTRC Pty Ltd which was due on 18 August 2021. The latest extension loan is payable on 18 December 2021.

The Company entered into agreement with Greywood Holdings Pty Ltd for the advanced \$200,000 short-term loan on 25 August 2021, which matures on 25 September 2021 and carries an interest rate of 3% per month. The loan is secured against the Company's assets under Personal Property Securities Register. The loan agreement was replaced with the change of repayment date to be extended to 25 November 2021.

On 25 August 2021, the Company entered into agreement with CTRC Pty Ltd for the advanced \$500,000 short-term loan, which matures on 25 September 2021 and carries an interest rate of 3% per month. The loan is secured against the Company's assets under Personal Property Securities Register. The extension loan is payable on 25 November 2021.

The Company extended repayment date of \$250,000 loan from CTRC Pty Ltd which was due on 26 August 2021. The latest extension loan is payable on 26 December 2021.

The Company invited its eligible shareholders to participate in Share Purchase Plan for raising funds that would be applied for the purpose of accelerating exploration and production activities at the Company's Kat Gap project. The Share Purchase Plan was closed on 6 September 2021, and the Company raised approximately \$2,395,000 out a maximum amount of \$8,400,000. As announced on 10 September 2021, the Company had issued the related 1,834,935,897 ordinary shares with the issued price of \$0.0013/share.

On 22 September 2021 the Company issued 2,849,720,000 shares and 36,000,000 options. The Company raised \$1,425,000 in cash and \$1,349,720 as debt settlement.

The Company extended repayment date of \$300,000 loan from Rotherwood Enterprises Pty Ltd which was due on 24 September 2021. The latest extension loan is payable on 24 December 2021.

The Company extended repayment date of \$700,000 loan from Klip Pty Ltd which was due on 24 September 2021. The latest extension loan is payable on 24 December 2021.

On 29 September 2021, the Company entered into agreement with Greywood Holdings Pty Ltd for unsecured and non-bearing interest short-term loan of \$300,000. Term of the loan is for up to two weeks. The loan was repaid on 1 October 2021.

On 8 October 2021, the Company entered into agreement with Greywood Holdings Pty Ltd for unsecured short-term loan of \$300,000, which matures on or before 8 November 2021 and carries an interest rate of 3% per month.

There have been no other matters or circumstances that have arisen since 30 June 2021 that have or may significantly affect the operations, results, or state of affairs of the Company in future financial years.

### Future developments

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

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

### Environmental regulation

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

## DIRECTORS' REPORT

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### Review of operations (continued)

#### Non-audit services

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

#### Proceedings on behalf of the company

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

#### Corporate Governance Statement

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

#### Auditor's independence declaration

The auditor's independence declaration for the year ended 30 June 2021 has been received, forms part of the Director's Report, and can be found on page 17.

#### Indemnification of Officers

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

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

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

During the current financial year, the Company paid \$75,757 for Directors and Officers liability insurance (2020: \$74,031).

## DIRECTORS' REPORT

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### REMUNERATION REPORT (AUDITED)

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

The remuneration report is set out in the Table.

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

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

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

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

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

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

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

##### (i) Directors

John Lester  
Lu Ning Yi  
Frederick Salkanovic  
Stephen John O'Grady  
Gillian Catherine King

##### (ii) Senior Executives

Dean Goodwin

# CLASSIC MINERALS LIMITED

## DIRECTORS' REPORT

### Details of Remuneration for Year Ended 30 June 2021 and 30 June 2020

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              | Performance rights | \$        |                                 |
| <b>Directors</b>                                   |                     |           |              |                 |                     |                     |                    |           |                                 |
| Lu Ning Yi   |                     |           |              |                 |                     |                     |                    |           |                                 |
| 2021   | 40,000              | -         | -            | -               | -                   | -                   | -                  | 40,000    | -                               |
| 2020   | 40,000              | -         | -            | -               | -                   | -                   | 79,000             | 119,000   | 66%                             |
| John Lester (i)                                    |                     |           |              |                 |                     |                     |                    |           |                                 |
| 2021   | 60,000              | 235,000   | -            | -               | -                   | -                   | -                  | 295,000   | -                               |
| 2020   | 60,000              | 143,822   | -            | -               | -                   | -                   | 237,000            | 440,822   | 54%                             |
| Frederick Salkanovic(ii)                           |                     |           |              |                 |                     |                     |                    |           |                                 |
| 2021   | 39,697              | -         | -            | -               | -                   | -                   | -                  | 39,697    | -                               |
| 2020   | 40,000              | 3,497     | -            | -               | -                   | -                   | 79,000             | 122,497   | 64%                             |
| Stephen John O'Grady                               |                     |           |              |                 |                     |                     |                    |           |                                 |
| 2021   | 39,993              | 3,240     | -            | -               | -                   | -                   | -                  | 43,233    | -                               |
| 2020   | 3,333               | -         | -            | -               | -                   | -                   | -                  | 3,333     | -                               |
| Gillian Catherine King                             |                     |           |              |                 |                     |                     |                    |           |                                 |
| 2021   | 6,666               | 4,000     | -            | -               | -                   | -                   | -                  | 10,666    | -                               |
| <b>Senior Executives</b>                           |                     |           |              |                 |                     |                     |                    |           |                                 |
| Dean Goodwin (iii)                                 |                     |           |              |                 |                     |                     |                    |           |                                 |
| 2021   | 300,000             | 855,941   | -            | -               | -                   | -                   | -                  | 1,155,941 | -                               |
| 2020   | 343,200             | 189,553   | -            | -               | -                   | -                   | 425,000            | 957,753   | 44%                             |
| <b>Total Remuneration Key Management Personnel</b> |                     |           |              |                 |                     |                     |                    |           |                                 |
| 2021   | 486,356             | 1,098,181 | -            | -               | -                   | -                   | -                  | 1,584,537 | -                               |
| 2020   | 486,533             | 336,872   | -            | -               | -                   | -                   | 820,000            | 1,643,405 | 50%                             |

- i) John is entitled to Non-executive Chairman's fee of \$60,000 per annum effective 1 January 2019. A formal contract is also in place with John Lester amounting to \$100,000 per annum payable as retainer fees. Additional \$135,000 (2020: \$43,822) relates to additional consultancy services during the year.
- ii) Frederick is paid non-executive directors at \$40,000 per annum effective 1 January 2019.
- iii) Dean is remunerated on a success basis, at the company's discretion, to establish a JORC compliant resource estimate for the Forrestania Gold Project and the Kat Gap Project as per the contract dated 1 July 2019. By the agreed proposal dated 1 February 2021, Dean was paid \$30,000 (excluding GST) on a monthly basis, plus additional costs incurred as required for the provided services.  
For the year ended 30 June 2021, the other short-term benefits of Dean Goodwin included the payment of \$675,000 in relation with Forrestania Intellectual Properties (2020: \$175,000).

### Employment Details of Members of Key Management Personnel

Mr Dean Goodwin is the Chief Executive Officer of the Company. Mr Goodwin is remunerated on a success basis, at the company's discretion, to establish a JORC compliant resource estimate for the Forrestania Gold Project and the Kat Gap Project as per the contract dated 1 July 2019. By the agreed proposal dated 1 February 2021, Dean was paid \$30,000 (excluding GST) on a monthly basis, plus additional cost incurred as required for the provided services.

See Transactions with Directors, Director Related Entities and Other Related Entities section and note 24 to the financial statements for acquisition transaction of Forrestania Intellectual Properties owned by Mr Dean Goodwin.

# CLASSIC MINERALS LIMITED

## DIRECTORS' REPORT

### Non-Executive Director Letter Agreements

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

### Shareholdings of Key Management Personnel

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

|                      | <i>Balance<br/>1 July 2020</i> | <i>Received as<br/>remuneration</i> | <i>Net Change<br/>Other</i> | <i>Balance<br/>30 June 2021</i> |
|----------------------|--------------------------------|-------------------------------------|-----------------------------|---------------------------------|
| John Lester          | 54,750,000                     | -                                   | -                           | 54,750,000                      |
| Lu Ning Yi           | 71,293,415                     | -                                   | -                           | 71,293,415                      |
| Frederick Salkanovic | 56,875,000                     | -                                   | -                           | 56,875,000                      |
| Dean Goodwin         | 70,380,000                     | -                                   | 45,918,366                  | 116,298,366                     |
|                      | <b>253,298,415</b>             | <b>-</b>                            | <b>45,918,366</b>           | <b>299,216,781</b>              |

### Option holdings of Key Management Personnel

|                      | <i>Balance<br/>1 July 2020</i> | <i>Received as<br/>remuneration</i> | <i>Net Change<br/>Other</i> | <i>Balance<br/>30 June 2021</i> |
|----------------------|--------------------------------|-------------------------------------|-----------------------------|---------------------------------|
| John Lester          | -                              | -                                   | 13,687,500                  | 13,687,500                      |
| Lu Ning Yi           | -                              | -                                   | 17,823,354                  | 17,823,354                      |
| Frederick Salkanovic | -                              | -                                   | 14,218,750                  | 14,218,750                      |
| Dean Goodwin         | -                              | -                                   | 15,840,000                  | 15,840,000                      |
|                      | <b>-</b>                       | <b>-</b>                            | <b>61,569,604</b>           | <b>61,569,604</b>               |

### Performance Rights of Key Management Personnel

|                 | <i>Balance<br/>1 July 2020</i> | <i>Received as<br/>remuneration</i> | <i>Expired</i>       | <i>Balance<br/>30 June 2021</i> |
|-----------------|--------------------------------|-------------------------------------|----------------------|---------------------------------|
| John Lester     | 90,000,000                     | -                                   | (90,000,000)         | -                               |
| Lu Ning Yi      | 30,000,000                     | -                                   | (30,000,000)         | -                               |
| Fred Salkanovic | 30,000,000                     | -                                   | (30,000,000)         | -                               |
| Dean Goodwin    | 150,000,000                    | -                                   | (150,000,000)        | -                               |
|                 | <b>300,000,000</b>             | <b>-</b>                            | <b>(300,000,000)</b> | <b>-</b>                        |



# CLASSIC MINERALS LIMITED

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## DIRECTORS' REPORT

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

#### 2021

On 6 May 2021 the Company appointed Gillian Catherine King as Non-Executive Director who is entitled to a base fee of \$40,000 per annum plus GST, if applicable, inclusive of statutory superannuation.

By the agreed proposal dated 1 February 2021, Dean Goodwin as Consultant Geologist of Reliant Resources Pty Ltd (Reliant) shall provide services to establish a JORC compliant resources estimate in relation to Forrestania Gold Project and Kat Gap Project. The scope of work includes geological services, geological mapping services and services related to stock exchange announcements and investor relations. Total cost for the services is \$540,000, which is payable on a monthly basis of \$30,000 (excluding GST) on submission of invoices. Reliant will employ contractors as required for the services and will invoice the Company for the additional costs. In addition, Reliant will be entitled to one vehicle up to a value of \$150,000, supplied by the Company, at no cost to Reliant, any time after 12 months from commencement of the scope in the agreed proposal.

In November 2017 the Company acquired Forrestania Intellectual Properties owned by Dean Goodwin with the amount of \$1,000,000. Deed of Assignment dated 29 June 2021 between Dean Goodwin and the Company was entered to conclude the completion of payment and assignment of Forrestania Intellectual Properties. For the year ended 30 June 2021, Dean Goodwin was paid \$675,000 in relation with the Forrestania Intellectual Properties (2020: \$175,000). See Note 2v Prior Years Adjustment related to the acquisition of Forrestania Intellectual Properties.

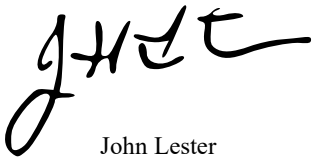
#### 2020

The Board adopted a Performance Rights Plan, which was approved by shareholders, at the General Meeting of the Company held on 24 December 2019 (refer to Note 17(a)).

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

### END OF REMUNERATION REPORT

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



John Lester  
Non-executive Chairman

Date this 29<sup>th</sup> day of October 2021.

# CLASSIC MINERALS LIMITED

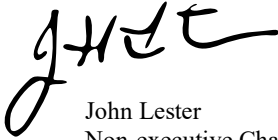
## DIRECTORS' DECLARATION

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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, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - b. give a true and fair view of the financial position of the Company as at 30 June 2021 and of the performance as represented by the results of its operations and its cashflows for the year ended on that date;
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. the financial statements and notes also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as disclosed in note 2.
4. this declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2021.

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



John Lester  
Non-executive Chairman

Date this 29<sup>th</sup> day of October 2021.

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 Classic Minerals Limited for the financial year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- 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

*Hall Chadwick*

**HALL CHADWICK WA Audit Pty Ltd**



**CHRIS NICOLOFF CA**  
**Partner**

Dated this 29<sup>th</sup> day of October 2021

## 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”) and its subsidiaries (“the Consolidated Entity”), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors’ declaration.

In our opinion:

- a. the accompanying financial report of the Consolidated Entity is in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Consolidated Entity’s financial position as at 30 June 2021 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 Consolidated Entity 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.

## 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 \$13,713,932 during the year ended 30 June 2021. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## Key Audit Matters

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

| Key Audit Matter   | How our audit addressed the Key Audit Matter   |
|--|--|
| <p><b>Exploration and evaluation expenditure</b><br/>(Refer to Note 11)</p> <p>The carrying amount of exploration and evaluation expenditure as at 30 June 2021 was \$2,910,000.</p> <p>Exploration and evaluation expenditure is a key audit matter due to:</p> <ul style="list-style-type: none"> <li>• The significance of the balance to the Company's financial position;</li> <li>• The level of judgement required in evaluating management's application of the requirements of AASB 6 Exploration for and Evaluation of Mineral Resources ("AASB 6"). AASB 6 is an industry specific accounting standard requiring the application of significant judgements, estimates and industry knowledge. This includes specific requirements for expenditure to be capitalised as an asset and subsequent requirements which must be complied with for capitalised expenditure to continue to be carried as an asset; and</li> </ul> <p>The assessment of impairment of exploration and evaluation expenditure being inherently difficult.</p> | <p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Assessed management's determination of its areas of interest for consistency with the definition in AASB 6. This involved analysing the tenements in which the Company holds an interest and the exploration programmes planned for those tenements.</li> <li>• Agreed the terms of acquisition agreements and on a sample basis corroborated rights to tenure to government registries and relevant agreements as applicable;</li> <li>• For each area of interest, we assessed the Company's rights to tenure by corroborating to government registries and evaluating agreements in place with other parties as applicable.</li> <li>• Considered the activities in each area of interest to date and assessed the planned future activities for each area of interest by evaluating budgets.</li> <li>• Substantiated a sample of expenditure by agreeing to supporting documentation.</li> <li>• We assessed each area of interest for one or more of the following circumstances that may indicate impairment of the capitalised</li> </ul> |

|   |  |
|---|--|
|   | <p>expenditure:</p> <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> <ul style="list-style-type: none"> <li>● Assessed the appropriateness of the disclosures included in the relevant notes to the financial statements.</li> </ul> |
| <p><b>Borrowings</b><br/>(refer to Note 17)</p> <p>The Company has secured short term loans from shareholders and other parties of \$5,822,370 as at 30 June 2021.</p> <p>Borrowings are considered to be a key audit matter due to:</p> <ul style="list-style-type: none"> <li>● The significance of the balances to the Company's financial position;</li> <li>● Specific risks we identified surrounding the loans relating to the rights and obligations of the Company in repaying the shareholder loans with cash, shares and options; and</li> </ul> <p>Whether the shareholder loans have been accurately recorded at year end based on the</p> | <p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>● Analysed the shareholder loan agreements to identify key terms and conditions;</li> <li>● Assessed the mathematical accuracy of the interest expense;</li> <li>● Agreed the repayment and receipt of loans to supporting documentation.</li> <li>● Obtained confirmation of the balance at 30 June 2021 from the lenders; and             <ul style="list-style-type: none"> <li>○ Assessed the appropriateness of the disclosures included in the relevant notes to the financial statements.</li> </ul> </li> </ul>   |

|   |   |
|---|---|
| <p>terms of the loan agreements.</p>  |   |
| <p><b>Share-based payments</b><br/>(refer to Note 18a and Note 27)</p> <p>During the year the company issued shares, options and performance rights.</p> <p>Share-based payments are considered to be a key audit matter due to:</p> <ul style="list-style-type: none"> <li>• The significance of the balances to the Company's financial position;</li> <li>• The level of judgement required in evaluating management's application of the requirements of AASB 2 <i>Share-based Payment</i> ("AASB 2");</li> <li>• Use of the Black-scholes valuation model to determine the fair value of the options granted; and</li> </ul> <p>Use of the Monte-Carlo valuation model to determine the fair value of the performance rights granted with market based conditions.</p> | <p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Analysed contractual agreement to identify key terms and conditions of the share-based payments issued and relevant vesting conditions in accordance with AASB 2;</li> <li>• Evaluated management's valuation methods and assess the assumptions and inputs used;</li> <li>• Assessed the amount recognised during the period against relevant vesting conditions; and</li> </ul> <p>Assessed the appropriateness of the disclosures included in the relevant notes to the financial statements.</p> |

## Other Information

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

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

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

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

## Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the Consolidated Entity'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 Consolidated Entity 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 Consolidated Entity'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 Consolidated Entity'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 Consolidated Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Consolidated Entity 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 2021. 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 2021, complies with section 300A of the Corporations Act 2001.

*Hall Chadwick*

**HALL CHADWICK WA Audit Pty Ltd**



**CHRIS NICOLOFF CA**

**Partner**

Dated this 29<sup>th</sup> day of October 2021

# CLASSIC MINERALS LIMITED

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the year ended 30 June 2021

|  |             | <b>30 June 2021</b> | <b>30 June 2020</b> |
|--|-------------|---------------------|---------------------|
|  | <i>Note</i> | <b>\$</b>           | <b>Restated*</b>    |
|  |             | <b>\$</b>           | <b>\$</b>           |
| Research & development rebate                  | 3           | 1,943,418           | 1,314,506           |
| Other income                                   | 3           | 608,932             | 48,806              |
| Employee benefits and consultants expense      |             | (1,267,360)         | (1,459,921)         |
| Advertising and marketing expenses             |             | (550,408)           | (349,873)           |
| Legal expenses & professional fees             |             | (377,099)           | (656,475)           |
| Depreciation and amortisation expense          | 4           | (268,947)           | (148,544)           |
| Amortisation of intangible assets              | 10          | (250,000)           | (250,000)           |
| Exploration expenses                           |             | (7,926,144)         | (6,891,230)         |
| Financing charges                              |             | (1,617,450)         | (1,637,684)         |
| Travel expenses                                |             | (35,318)            | (204,281)           |
| Occupancy expenses                             |             | (96,748)            | 17,915              |
| Impairment losses                              |             | (1,496,709)         | -                   |
| Loss on asset disposal                         |             | (9,370)             | (2,331)             |
| Administration expenses                        | 4           | (2,370,729)         | (5,525,074)         |
| <b>Profit/(Loss) before income tax expense</b> |             | <b>(13,713,932)</b> | <b>(15,744,186)</b> |
| Income tax expense                             | 5           | -                   | -                   |
| <b>Profit/(Loss) for the year</b>              |             | <b>(13,713,932)</b> | <b>(15,744,186)</b> |
| Other comprehensive income, net of income tax  |             | -                   | -                   |
| <b>Total comprehensive loss for year</b>       |             | <b>(13,713,932)</b> | <b>(15,744,186)</b> |
| Basic (loss) per share (cents per share)       | 6           | (0.09)              | (0.25)              |

\* See Note 2v Prior Years Adjustment.

The accompanying notes form part of this financial report.

**CLASSIC MINERALS LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2021**

|                                  |             | <i>30 June 2021</i> | <i>30 June 2020</i><br><i>Restated*</i> |
|----------------------------------|-------------|---------------------|---|
|                                  | <i>Note</i> | \$                  | \$                                      |
| <b>CURRENT ASSETS</b>            |             |                     |   |
| Cash and cash equivalents        | 7           | 2,249,206           | 488,608                                 |
| Trade and other receivables      | 8           | 77,494              | 104,087                                 |
| Other current assets             | 9           | 122,664             | 167,071                                 |
| <b>TOTAL CURRENT ASSETS</b>      |             | <b>2,449,364</b>    | <b>759,766</b>                          |
| <b>NON-CURRENT ASSETS</b>        |             |                     |   |
| Intangible assets                | 10          | -                   | 250,000                                 |
| Exploration and evaluation       | 11          | 2,910,000           | 1,826,540                               |
| Right to use assets              | 12          | 74,166              | 129,791                                 |
| Plant and equipment              | 13          | 5,406,579           | 684,733                                 |
| <b>TOTAL NON-CURRENT ASSETS</b>  |             | <b>8,390,745</b>    | <b>2,891,064</b>                        |
| <b>TOTAL ASSETS</b>              |             | <b>10,840,109</b>   | <b>3,650,830</b>                        |
| <b>CURRENT LIABILITIES</b>       |             |                     |   |
| Trade and other payables         | 14          | 4,646,458           | 3,912,299                               |
| Provisions                       | 15          | 121,328             | 79,588                                  |
| Lease liability                  | 16          | 59,851              | 54,894                                  |
| Borrowings                       | 17          | 5,822,370           | 1,872,181                               |
| <b>TOTAL CURRENT LIABILITIES</b> |             | <b>10,650,007</b>   | <b>5,918,962</b>                        |
| <b>NON-CURRENT LIABILITIES</b>   |             |                     |   |
| Lease liability                  | 16          | 21,218              | 81,070                                  |
| <b>TOTAL CURRENT LIABILITIES</b> |             | <b>21,218</b>       | <b>81,070</b>                           |
| <b>TOTAL LIABILITIES</b>         |             | <b>10,671,225</b>   | <b>6,000,032</b>                        |
| <b>NET ASSETS/(LIABILITIES)</b>  |             | <b>168,884</b>      | <b>(2,349,202)</b>                      |
| <b>EQUITY</b>                    |             |                     |   |
| Issued capital                   | 18          | 51,995,750          | 35,866,038                              |
| Reserves                         | 18(a)       | 3,116,982           | 3,014,676                               |
| Accumulated losses               |             | (54,943,848)        | (41,229,916)                            |
| <b>TOTAL EQUITY</b>              |             | <b>168,884</b>      | <b>(2,349,202)</b>                      |

\* See Note 2v Prior Years Adjustment.

The accompanying notes form part of this financial report.

# CLASSIC MINERALS LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

|   | <i>Issued<br/>Capital</i><br>\$ | <i>Reserves</i><br>\$ | <i>Accumulated<br/>Losses</i><br>\$ | <i>Total<br/>Equity</i><br>\$ |
|---|---------------------------------|-----------------------|-------------------------------------|-------------------------------|
| Balance at 30 June 2020 (restated*)                     | 35,866,038                      | 3,014,676             | (41,229,916)                        | (2,349,202)                   |
| Loss for the year                                       | -                               | -                     | (13,713,932)                        | (13,713,932)                  |
| Other Comprehensive Income                              | -                               | -                     | -                                   | -                             |
| Total Comprehensive Income/(Loss)                       | -                               | -                     | (13,713,932)                        | (13,713,932)                  |
| Transactions with owners recorded<br>directly in equity |                                 |                       |                                     |                               |
| Options issued  | -                               | 23,214                | -                                   | 23,214                        |
| Exercise of options                                     | 80,686                          | -                     | -                                   | 80,686                        |
| Share based payments                                    | -                               | 79,092                | -                                   | 79,092                        |
| Shares issued (net of expenses) during the<br>year      | 16,049,026                      | -                     | -                                   | 16,049,026                    |
| <b>Balance at 30 June 2021</b>                          | <b>51,995,750</b>               | <b>3,116,982</b>      | <b>(54,943,848)</b>                 | <b>168,884</b>                |
|   | <i>Issued<br/>Capital</i><br>\$ | <i>Reserves</i><br>\$ | <i>Accumulated<br/>Losses</i><br>\$ | <i>Total<br/>Equity</i><br>\$ |
| Balance at 30 June 2019 (restated*)                     | 24,482,958                      | 164,923               | (25,485,730)                        | (837,849)                     |
| Loss for the year (restated)                            | -                               | -                     | (15,744,186)                        | (15,744,186)                  |
| Other Comprehensive Income (restated*)                  | -                               | -                     | -                                   | -                             |
| Total Comprehensive Income/(Loss)<br>(restated*)        | -                               | -                     | (15,744,186)                        | (15,744,186)                  |
| Transactions with owners recorded<br>directly in equity |                                 |                       |                                     |                               |
| Options issued  | -                               | 882,253               | -                                   | 882,253                       |
| Performance rights issued                               | -                               | 1,967,500             | -                                   | 1,967,500                     |
| Exercise of options                                     | 280,000                         | -                     | -                                   | 280,000                       |
| Shares issued (net of expenses) during the<br>year      | 11,103,080                      | -                     | -                                   | 11,103,080                    |
| <b>Balance at 30 June 2020 (restated*)</b>              | <b>35,866,038</b>               | <b>3,014,676</b>      | <b>(41,229,916)</b>                 | <b>(2,349,202)</b>            |

\* See Note 2v Prior Years Adjustment.

The accompanying notes form part of this financial report.

**CLASSIC MINERALS LIMITED**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

|   | <i>Note</i> | <b>30 June 2021</b> | <b>30 June 2020</b><br><i>Restated*</i> |
|---|-------------|---------------------|---|
|   |             | \$                  | \$                                      |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |             |                     |   |
| Receipt of Research & Development rebate      |             | 1,943,418           | 1,315,506                               |
| ATO Cash Flow Boost                           |             | 93,188              | 48,660                                  |
| Payments to suppliers and employees           |             | (9,421,491)         | (5,260,880)                             |
| Interest paid                                 | 17          | (550,446)           | -                                       |
| Interest received                             |             | 245                 | 157                                     |
| Net cash (outflows) from operating activities | 22(a)       | (7,935,086)         | (3,896,557)                             |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |             |                     |   |
| Purchase of intangible assets                 |             | (675,000)           | (175,000)                               |
| Proceeds from sales of tenements              |             | 500,000             | 330,000                                 |
| Proceeds from sales of fixed assets           |             | 106,000             | -                                       |
| Purchase of fixed assets                      |             | (3,754,694)         | (421,977)                               |
| Purchase of prospects                         |             | (200,000)           | (26,540)                                |
| Loans to other entity                         |             | (7,506)             | -                                       |
| Net cash (outflows) from investing activities |             | (4,031,200)         | (293,517)                               |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |             |                     |   |
| Share capital received                        |             | 11,058,224          | 4,457,840                               |
| Capital raising costs                         |             | (603,498)           | (411,897)                               |
| Proceeds from options entitlement             |             | 80,736              | 48,775                                  |
| Repayment of lease liability                  |             | (62,119)            | (59,972)                                |
| Repayment of loans and related interest       | 17          | (2,106,966)         | (1,764,067)                             |
| Proceeds of short-term loans                  | 17          | 5,130,254           | 2,272,880                               |
| Net cash inflows from financing activities    |             | 13,496,631          | 4,543,559                               |
| <b>Net increase in cash held</b>              |             | <b>1,530,345</b>    | <b>353,485</b>                          |
| Cash at bank at the beginning of the year     |             | 488,608             | 135,123                                 |
| <b>Cash at bank at the end of the year</b>    | 22(b)       | <b>2,018,953</b>    | <b>488,608</b>                          |

\* See Note 2v Prior Years Adjustment.

The accompanying notes form part of this financial report.

# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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### 1. Corporate Information

The financial report of Classic Minerals Limited (the Company) for the year ended 30 June 2021 was authorised for issue in accordance with a resolution of the directors on 29 October 2021.

### 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 \$13,713,932 for the year ended 30 June 2021 (2020: \$15,744,186).

The net working capital position of the Company at 30 June 2021 was a deficit of \$8,200,643 (2020: \$5,159,196). The Company has expenditure commitments relating to exploration expenditure obligations for their projects of \$778,115 which potentially could fall due in the twelve months to 30 June 2022.

As disclosed in note 17, the Company has shareholder loans owing as at 30 June 2021 which are payable on various dates in July – September 2021 amounting \$3,700,000 plus accrued interest of \$144,538. The Company has received letters from Greywood Holdings Pty Ltd, one of the financiers stating that the loans will not be called upon until such time the Company has the financial capacity to repay the loans. The loans will be extended and continue to accrue interest until full repayment is made. Directors are confident extensions can be obtained on other shareholders loans due within 1 year until the Company has capacity to repay the funds, as has been the case in prior periods.

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

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

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

**CLASSIC MINERALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

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

**a) Cash and cash equivalents**

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

**b) Employee benefits**

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

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

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

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

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

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

**Classification and subsequent measurement**

*Financial assets*

Financial assets are subsequently measured at:

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

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

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

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

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

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

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

*Financial liabilities*

Financial liabilities are subsequently measured at:

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



**CLASSIC MINERALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

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

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

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

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

**Derecognition**

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

*Derecognition of financial assets*

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

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

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

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

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

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

*Derecognition of financial liabilities*

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

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

**Impairment**

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

Loss allowance is not recognised for:

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

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

*Simplified approach*

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

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

**CLASSIC MINERALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

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

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

*Recognition of expected credit losses in financial statements*

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

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

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

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

**d) Goods and services tax**

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

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

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

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

**e) Impairment of assets**

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

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

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

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

**CLASSIC MINERALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

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

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

**f) Income tax**

*Current tax*

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

*Deferred tax*

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

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

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

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

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

*Current and deferred tax for the year*

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

**CLASSIC MINERALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

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

**g) Payables**

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

**h) Presentation currency**

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

**i) Plant and equipment**

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

*Depreciation*

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

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

**j) Exploration and Evaluation Expenditure**

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

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

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

**k) Intangible assets**

Intangible assets have been identified as Forrester Intellectual Properties acquired in November 2017. They have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method on annual basis over the expected life of the assets i.e 4 years.

**l) Provisions**

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

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

**CLASSIC MINERALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

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

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.

**m) Revenue recognition**

*Interest revenue*

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

*Research & Development rebate*

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

**n) Equity based compensation**

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

**o) Issued capital**

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

**p) Leases**

*The Company as a lessee*

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

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

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

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

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

**CLASSIC MINERALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

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

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

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

**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.

**s) Share based payments**

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

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

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

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

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

**CLASSIC MINERALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

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

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

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

**t) Critical accounting judgements, estimates, and assumptions**

*Exploration and evaluation costs*

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

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

*Taxation*

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

*Comparative figures*

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

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

**u) New and Amended Standards Adopted by the Company**

The Company has considered the implications of new and amended Accounting Standards which have become applicable for the current financial reporting period.

Initial adoption of AASB 2020-04: COVID-19-Related Rent Concessions.

AASB 2020-4: Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions amends AASB 16 by providing a practical expedient that permits lessees to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic and, if certain conditions are met, account for those rent concessions as if they were not lease modifications.

Initial adoption of AASB 2018-6: Amendments to Australian Accounting Standards – Definition of a Business.

AASB 2018-6 amends and narrows the definition of a business specified in AASB 3: Business Combinations, simplifying the determination of whether a transaction should be accounted for as a business combination or an asset acquisition. Entities may also perform a calculation and elect to treat certain acquisitions as acquisitions of assets.

**CLASSIC MINERALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

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

Initial adoption of AASB 2018-7: Amendments to Australian Accounting Standards – Definition of Material.

This amendment principally amends AASB 101 and AASB 108 by refining the definition of material by improving the wording and aligning the definition across the standards issued by the AASB.

Initial adoption of AASB 2019-3: Amendments to Australian Accounting Standards – Interest Rate Benchmark

This amendment amends specific hedge accounting requirements to provide relief from the potential effects of the uncertainty caused by interest rate benchmark reform.

Initial adoption of AASB 2019-1: Amendments to Australian Accounting Standards – References to the Conceptual Framework

This amendment amends Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of Conceptual Framework for Financial Reporting by the AASB.

The standards listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

**v) Prior Years Adjustment**

During the period, prior year errors were identified as an omission since 30 June 2018 financial report. Forrestania Intellectual Properties acquired from Dean Goodwin in November 2017 of \$1,000,000 was not recognized as intangible assets and not amortised over its expected life. Rather than recognizing the intangible assets, the Company recognized the cost as exploration expenditures in the period where invoices were received. As a result, the comparative figures have been adjusted for this error, which impacts the following line items:

|  | <b>30 June 2020</b>   |                         |                       |
|--|-----------------------|-------------------------|-----------------------|
|  | \$<br><b>Original</b> | \$<br><b>Adjustment</b> | \$<br><b>Restated</b> |
| Loss for the year                          | (15,669,186)          | (75,000)                | (15,744,186)          |
| Intangible assets                          | -                     | 250,000                 | 250,000               |
| Trade and other payables                   | 3,237,299             | 675,000                 | 3,912,299             |
| Accumulated losses                         | (40,804,916)          | (425,000)               | (41,229,916)          |
| Basic loss per share (cents)               | 0.25                  | 0.00                    | 0.25                  |
| Net cash outflow from operating activities | (4,071,557)           | 175,000                 | (3,896,557)           |
| Net cash outflow from investing activities | (118,517)             | (175,000)               | (293,517)             |
| <br>                                       |                       |                         |                       |
| Exploration expenses                       | (7,066,230)           | 175,000                 | (6,891,230)           |
| Amortisation of intangible assets          | -                     | (250,000)               | (250,000)             |
| Adjustment of loss for the year            |                       | (75,000)                |                       |



# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### NOTE 3: REVENUE FROM CONTINUING OPERATIONS

|                               | <i>30 June 2021</i><br>\$ | <i>30 June 2020</i><br>\$ |
|-------------------------------|---------------------------|---------------------------|
| Research & development rebate | 1,943,418                 | 1,314,506                 |
| Interest income               | 244                       | 158                       |
| Other income (i)              | 608,688                   | 48,648                    |
|                               | <u>608,932</u>            | <u>48,806</u>             |
|                               | <u>2,552,350</u>          | <u>1,363,312</u>          |

(i) Relates to government grant relating to Cashflow Boost and Jobkeeper payments.

As announced by the Company on 2 June 2021, in accordance with the terms of its Earn In and Joint Venture Agreement with IGO Newsearch Pty Ltd (IGO), a wholly-owned subsidiary of IGO Limited, IGO has notified its election to acquire a 51% interest in the Company's Fraser Range tenements, having earned that interest by spending \$1,500,000 on exploration of the tenements; and its intention to spend a further \$1,000,000 exploring the tenements over the next 2 years to take its joint venture interest to 70%. Under the terms of the agreement, upon the transfer of the 51% interest, IGO will pay the Company \$500,000.

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

|   | <i>30 June 2021</i><br>\$ | <i>30 June 2020</i><br>\$ |
|---|---------------------------|---------------------------|
| The loss before income tax has been arrived at after charging the following expenses: |                           |                           |
| (a) Administration expenses   |                           |                           |
| Share based payments  | 1,446,852                 | 4,887,971                 |
| Insurance expenses  | 108,814                   | 72,480                    |
| Telephone expenses  | 14,019                    | 8,603                     |
| Other administration expenses   | 801,044                   | 556,020                   |
|   | <u>2,370,729</u>          | <u>5,525,074</u>          |
| (b) Depreciation and amortisation expenses  |                           |                           |
| Amortisation related to right to use assets   | 55,625                    | 55,625                    |
| Depreciation related to plant and equipment   | 213,322                   | 92,919                    |
|   | <u>268,947</u>            | <u>148,544</u>            |

# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### NOTE 5: INCOME TAX

|  | <u>30 June 2021</u><br>\$ | <u>30 June 2020</u><br>\$ |
|--|---------------------------|---------------------------|
| <b>(a) Current tax expense</b>   |                           |                           |
| Current year   | -                         | -                         |
|  | 5(b)                      | -                         |
| <b>(b) Numerical reconciliation between tax expense and pre-tax net profit</b>           |                           |                           |
| Profit/ (Loss) before tax  | (13,713,932)              | (15,744,186)              |
| Income tax expense/(benefit) calculated at 26% (2020: 27.5%)                             | (3,565,622)               | (4,329,651)               |
| Tax effect of:   |                           |                           |
| - Non-deductible expenses  | 1,369,368                 | 1,601,922                 |
| - Share based payments   | 376,182                   | 667,991                   |
| - Unrecognised timing differences  | 2,325,361                 | 2,421,227                 |
| - Research & Development rebate received   | (505,289)                 | (361,489)                 |
| Income tax expense on pre-tax net profit   | -                         | -                         |
| <b>(c) Unrecognised deferred tax balances</b>  |                           |                           |
| The following deferred tax assets at 26% (2020: 27.5%) have not been brought to account: |                           |                           |
| Unrecognised deferred tax asset – tax losses   | 8,233,700                 | 4,918,864                 |
| Unrecognised deferred tax asset - other timing differences                               | (1,091,190)               | 179,027                   |
| Net deferred tax assets  | 7,142,510                 | 5,097,891                 |

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

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

# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### NOTE 6: EARNINGS PER SHARE

|   | <i>30 June 2021</i> | <i>30 June 2020</i> |
|---|---------------------|---------------------|
|   | \$                  | \$                  |
| Profit/(loss) for the year                            | (13,713,932)        | (15,774,186)        |
| Weighted average number of ordinary shares at 30 June | 15,599,128,857      | 6,264,740,255       |
| Earnings/(loss) per share – cents                     | (0.09)              | (0.25)              |

### NOTE 7: CASH AND CASH EQUIVALENTS

|                  | <i>30 June 2021</i> | <i>30 June 2020</i> |
|------------------|---------------------|---------------------|
|                  | \$                  | \$                  |
| Cash at bank     | 2,018,953           | 488,608             |
| Undeposited fund | 230,253             | -                   |
|                  | <u>2,249,206</u>    | <u>488,608</u>      |

Undeposited fund represents fund of loan from Radium Capital which was received in the Company's bank account on 2 July 2021.

### NOTE 8: TRADE AND OTHER RECEIVABLES

|                                   | <i>30 June 2021</i> | <i>30 June 2020</i> |
|-----------------------------------|---------------------|---------------------|
|                                   | \$                  | \$                  |
| <b>Current</b>                    |                     |                     |
| Other receivables                 | 184,935             | 191,053             |
| Bonds and security deposits       | 24,937              | 45,412              |
| Less: Provision for doubtful debt | (132,378)           | (132,378)           |
|                                   | <u>77,494</u>       | <u>104,087</u>      |

### NOTE 9: OTHER CURRENT ASSETS

|                  | <i>30 June 2021</i> | <i>30 June 2020</i> |
|------------------|---------------------|---------------------|
|                  | \$                  | \$                  |
| <b>Current</b>   |                     |                     |
| Prepaid Expenses | 122,664             | 167,071             |
|                  | <u>122,664</u>      | <u>167,071</u>      |

The Company capitalised some prepaid expenses relating to insurance, investor relations and marketing expenses, and software subscription as at reporting date. These prepaid expenses are expensed to the statement of profit or loss as goods received or services rendered.

### NOTE 10: INTANGIBLE ASSETS

|                          | <i>30 June 2021</i> | <i>30 June 2020</i> |
|--------------------------|---------------------|---------------------|
|                          | \$                  | \$                  |
| <b>Current</b>           |                     |                     |
| Cost                     | 1,000,000           | 1,000,000           |
| Accumulated Amortisation | (1,000,000)         | (750,000)           |
|                          | <u>-</u>            | <u>250,000</u>      |

Forrestania Intellectual Properties acquired in November 2017 which represents extensive information and data including regional geological maps, structural geological data, stratigraphic geological data, geochemical data and corresponding maps, geophysical data, maps and images and gold targeting maps in relation with Forrestania Project. The Company amortised the intangible assets of \$250,000, respectively for the years ended 30 June 2021 and 2020.

See Note 2v Prior Years Adjustment and Note 24 Related Party Transactions in connection with the Forrestania Intellectual Properties.

# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### NOTE 11: EXPLORATION AND EVALUATION ASSETS

|                           | <i>30 June 2021</i><br>\$ | <i>30 June 2020</i><br>\$ |
|---------------------------|---------------------------|---------------------------|
| <b>Current</b>            |                           |                           |
| Forrestania Project (i)   | 1,250,000                 | 1,250,000                 |
| Fraser Range Project (ii) | 250,000                   | 250,000                   |
| Kat Gap Project(iii)      | 1,410,000                 | 326,540                   |
|                           | <u>2,910,000</u>          | <u>1,826,540</u>          |

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

|  | <i>30 June 2021</i><br>\$ | <i>30 June 2020</i><br>\$ |
|--|---------------------------|---------------------------|
| <b>Movement in exploration and evaluation assets</b> |                           |                           |
| Opening balance                                      | 1,826,540                 | 1,550,000                 |
| Addition   | 1,110,000                 | 276,540                   |
| Written-off to exploration expenses                  | (26,540)                  | -                         |
| Ending balance                                       | <u>2,910,000</u>          | <u>1,826,540</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.

Pursuant to a Head 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. Fortuna will retain a 2.5% Net Smelter Royalty on all gold production at these tenements.

(ii) The Company entered into an option agreement dated 5 September 2018 the agreement with X Minerals Pty Ltd to acquire the tenements and mining interest in E28/2811 and E28/2812. On 7 November 2019 the Company agree to a proposal from X Minerals Pty Ltd dated 28 October 2019 and opted to execute the options and agreed to purchase the tenements and mining interests in those tenements for consideration of \$45,000 in cash and \$205,000 in shares through the issuance of 102,500,000 shares at \$0.002 per shares. Those shares were issued on 22 November 2019.

(iii) On 5 July 2017, the Company signed an agreement with Sulphide Resources Pty Ltd to acquire 100% interest in two exploration licences – E74/422 and E74/467 also known as the Kat Gap project. Under this agreement, the Company paid an Option Fee of \$55,000 (GST inclusive) and has the right to purchase the tenements within 18 months for a further consideration of \$250,000. Additionally, the Company must spend \$140,000 on the tenements during the option period. The company has paid the \$250,000 and acquired the full ownership of the tenement.

During the year ended 30 June 2021, the Company entered into an agreement with Goldbridge Pty Ltd to acquire 100% interest in licences P74/383 and P74/383; and secured a sub-lease on licence G74/10. These tenements form part of Kat Gap project with \$50,000 Option Fee, \$500,000 in cash and \$560,000 in shares (560 million shares at 0.1 cent/share) as its payment of the considerations. 100 million shares had not been issued and \$350,000 in cash remains payable as at 30 June 2021.

### NOTE 12: RIGHT OF USE ASSETS

|                | <i>30 June 2021</i><br>\$ | <i>30 June 2020</i><br>\$ |
|----------------|---------------------------|---------------------------|
| <b>Current</b> |                           |                           |
| Property       | 74,166                    | 129,791                   |
|                | <u>74,166</u>             | <u>129,791</u>            |

The Company leased commercial property as their head office. In pursuant to AASB 16 Leases, this lease was recognised as a right-of-use asset and a corresponding lease liability in the last financial year. The right-of-use asset is depreciated over the lease period on a straight-line basis.

# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### NOTE 13: PLANT AND EQUIPMENT

|                                 | Plant &<br>Equipment<br>\$ | Motor Vehicle<br>under Hire<br>Purchase<br>\$ | Motor<br>Vehicles<br>\$ | Work in<br>Progress<br>\$ | TOTAL<br>\$      |
|---------------------------------|----------------------------|---|-------------------------|---------------------------|------------------|
| <b>Gross Carrying Amount</b>    |                            |   |                         |                           |                  |
| <b>Balance at 30 June 2020</b>  | 417,382                    | 139,853                                       | 461,434                 | -                         | 1,018,669        |
| Additions                       | 282,986                    | -   | 744,423                 | 5,519,838                 | 6,547,247        |
| Disposals                       | -                          | -   | (128,627)               | -                         | (128,627)        |
| Transfer from work in progress  | 118,129                    | -   | -                       | (118,129)                 | -                |
| <b>Balance at 30 June 2021</b>  | <b>818,497</b>             | <b>139,853</b>                                | <b>1,077,230</b>        | <b>5,401,709</b>          | <b>7,437,289</b> |
| <b>Accumulated Depreciation</b> |                            |   |                         |                           |                  |
| <b>Balance at 30 June 2020</b>  | 120,413                    | 114,581                                       | 98,942                  | -                         | 333,936          |
| Depreciation                    | 83,851                     | 17,482  | 111,989                 | -                         | 213,322          |
| Disposals                       | -                          | -   | (13,257)                | -                         | (13,257)         |
| <b>Balance at 30 June 2021</b>  | <b>204,264</b>             | <b>132,063</b>                                | <b>197,674</b>          | <b>-</b>                  | <b>534,001</b>   |
| <b>Net Book Value</b>           |                            |   |                         |                           |                  |
| As at 30 June 2020              | 296,969                    | 25,272  | 362,492                 | -                         | 684,733          |
| As at 30 June 2021              | 614,233                    | 7,790   | 879,556                 | 5,401,709                 | 6,903,288        |
| Provision for impairment losses | -                          | -   | -                       | (1,496,709)               | (1,496,709)      |
| <b>As at 30 June 2021</b>       | <b>614,233</b>             | <b>7,790</b>                                  | <b>879,556</b>          | <b>3,905,000</b>          | <b>5,406,579</b> |

The Company engaged independent valuer, Gordon Brothers Pty. Ltd., to make assessment on the value of processing plant, mobile plant and mine accommodation as classified in the Work in Progress as of 30 June 2021. The Appraisal Report dated 14 October 2021 determined the valuation amount of \$3,905,000 on the basis of Fair Market Value In Continued (FMVICU) by utilizing cost approach valuation method. The effective date of the revaluation is 14 October 2021. The Company recognised impairment losses and provided provision for impairment losses of \$1,496,709 as of 30 June 2021.

### NOTE 14: TRADE AND OTHER PAYABLES

|  | 30 June 2021<br>\$ | 30 June 2020<br>\$ |
|--|--------------------|--------------------|
| <b>Current</b>   |                    |                    |
| Trade and other creditors (i)                          | 3,758,865          | 1,808,764          |
| Shares to be issued                                    | 355,050            | 205,000            |
| Deed of termination (ii)                               | -                  | 750,000            |
| Accruals   | 357,865            | 993,020            |
| Accruals – accrued interest on loans from shareholders | 144,538            | 125,376            |
| Accrual – outstanding salaries                         | 30,140             | 30,139             |
|  | <b>4,646,458</b>   | <b>3,912,299</b>   |

(i) Trade payables are non-interest bearing and are normally settled on 30-60 day terms. As at 30 June 2021, the amount of trade payables was \$3,778,901 and the amount exceeding normal trading terms totalling \$2,331,192.

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

### NOTE 15: PROVISIONS

|                            | 30 June 2021<br>\$ | 30 June 2020<br>\$ |
|----------------------------|--------------------|--------------------|
| <b>Current</b>             |                    |                    |
| Provision for annual leave | 121,328            | 79,588             |
|                            | <b>121,328</b>     | <b>79,588</b>      |

# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### NOTE 16: LEASE LIABILITY

|                             | 30 June 2021<br>\$ | 30 June 2020<br>\$ |
|-----------------------------|--------------------|--------------------|
| Current lease liability     | 59,851             | 54,894             |
| Non-current lease liability | 21,218             | 81,070             |
|                             | <u>81,069</u>      | <u>135,964</u>     |

Lease liability relates to leased commercial property as in note 9.

### NOTE 17: BORROWINGS

|  | 30 June 2021<br>\$ | 30 June 2020<br>\$ |
|--|--------------------|--------------------|
| <b>Current</b>   |                    |                    |
| Loans from CTRC Pty Ltd – due on 13 Jul 2021, 18 August 2021 and 26 August 2021      | 650,000            | -                  |
| Loan from Gold Processing Equipment Pty Ltd – due on 20 July 2021                    | 300,000            | -                  |
| Loan from Foskin Pty Ltd – due on 29 Jul 2021 (2020: 30 August 2020)                 | 400,000            | 250,000            |
| Loans from Greywood Holdings Pty Ltd – due on 3 August 2021 (2020: 15 July 2020)     | 750,000            | 501,048            |
| Loans from Klip Pty Ltd – due on 10 Aug 2021 and 24 September 2021                   | 1,000,000          | -                  |
| Loans from Rotherwood Enterprises Pty Ltd – due on 10 Aug 2021 and 24 September 2021 | 600,000            | -                  |
| Total loans from shareholders  | <u>3,700,000</u>   | <u>751,048</u>     |
| Loans from Radium Capital (R&D) – due on 30 November 2021 (2020: 30 November 2020)   | 2,071,032          | 1,058,252          |
| Loans from Iqumulate and Hunter Premium Funding (Insurance)                          | 51,338             | 62,881             |
|  | <u>5,822,370</u>   | <u>1,872,181</u>   |

- (i) Short-term loans from Klip Pty Ltd, Rotherwood Enterprises Pty Ltd and \$250,000 loan from Greywood Holdings Pty Ltd are unsecured, while the other short-term loans from shareholders are secured against the Company's assets under Personal Property Securities Register (PPSR). Except for \$250,000 non-bearing interest loan from Greywood Holdings Pty Ltd, the other short-term loans from shareholders carries an interest rate of 3% per month. Short-term loans from Greywood Holdings Pty Ltd are not expected to be called upon until such time the Company has the financial capacity to repay the loans. The loans will be extended and continue to accrue interest until full repayment is made.
- (ii) The loan facilities from Radium Capital were advanced against the expected R&D refund from the ATO on or before 30 September 2021 (2020: 30 September 2020) and carries an interest rate of 14% p.a. (2020: 15% p.a.).

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 17: BORROWINGS (continued)

Movement of borrowings

30 June 2021

|  | Opening<br>balance | Cash inflow      | Cash outflow       | Non-cash movements |                      |                  |                 |                    | Closing<br>balance |                  |
|--|--------------------|------------------|--------------------|--------------------|----------------------|------------------|-----------------|--------------------|--------------------|------------------|
|  |                    |                  |                    | Interest           | Transactions<br>cost | Shares Issued    | Options issued  | Credit<br>provided |                    | Others           |
|  | \$                 | \$               | \$                 | \$                 | \$                   | \$               | \$              | \$                 | \$                 |                  |
| Loans from shareholders  | 751,048            | 3,350,000        | (1,451,288)        | 471,440            | 849,779              | (370,100)        | (25,879)        | 125,000            | -                  | 3,700,000        |
| Loan from Radium Capital (R&D)                                 | 1,058,252          | 1,780,254        | (1,108,958)        | 108,934            | 2,307                | -                | -               | -                  | 230,243            | 2,071,032        |
| Loans from Iqumulate and Hunter<br>Premium Funding (Insurance) | 62,881             | -                | (97,166)           | 2,981              | 59                   | -                | -               | 82,583             | -                  | 51,338           |
| <b>Total borrowings</b>  | <b>1,872,181</b>   | <b>5,130,254</b> | <b>(2,657,412)</b> | <b>583,355</b>     | <b>852,145</b>       | <b>(370,100)</b> | <b>(25,879)</b> | <b>207,583</b>     | <b>230,243</b>     | <b>5,822,370</b> |

Movement of borrowings

30 June 2020

|  | Opening<br>balance | Cash inflow      | Cash outflow       | Non-cash movements |                      |                  |                  |                    | Closing<br>balance |                  |
|--|--------------------|------------------|--------------------|--------------------|----------------------|------------------|------------------|--------------------|--------------------|------------------|
|  |                    |                  |                    | Interest           | Transactions<br>cost | Shares Issued    | Options issued   | Credit<br>provided |                    | Others           |
|  | \$                 | \$               | \$                 | \$                 | \$                   | \$               | \$               | \$                 | \$                 |                  |
| Loans from shareholders  | 732,005            | 1,262,500        | (1,680,706)        | 914,136            | 540,826              | (629,987)        | (383,226)        | -                  | (4,500)            | 751,048          |
| Hire purchase contract   | 40,503             | -                | (41,441)           | 938                | -                    | -                | -                | -                  | -                  | -                |
| Loan from Radium Capital (R&D)                                 | -                  | 1,010,380        | -                  | 27,252             | 20,620               | -                | -                | -                  | -                  | 1,058,252        |
| Loans from Iqumulate and Hunter<br>Premium Funding (Insurance) | -                  | -                | (41,920)           | -                  | -                    | -                | -                | 104,801            | -                  | 62,881           |
| <b>Total borrowings</b>  | <b>772,508</b>     | <b>2,272,880</b> | <b>(1,764,067)</b> | <b>942,326</b>     | <b>561,446</b>       | <b>(629,987)</b> | <b>(383,226)</b> | <b>104,801</b>     | <b>(4,500)</b>     | <b>1,872,181</b> |

# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### NOTE 18: ISSUED CAPITAL

#### Ordinary shares

|  | <i>30 June 2021</i> | <i>Number of Shares</i> |
|--|---------------------|-------------------------|
|  | \$                  |                         |
| At the beginning of the reporting year   | 35,866,038          | 9,352,942,427           |
| Share based payments (refer to Note 26)  | 4,266,939           | 4,007,794,141           |
| Shares issued at 0.1 cents (July 2020)   | 200,000             | 200,000,000             |
| Shares issued at 0.125 cents (July 2020)   | 200,000             | 160,000,000             |
| Shares issued at 0.2 cents (July 2020)   | 260,000             | 130,000,000             |
| Shares issued at 0.196 cents (August 2020)   | 4,340,073           | 2,214,322,903           |
| Options exercised at 0.2 cents (August 2020)   | 75,663              | 37,832,090              |
| Shares issued at 0.196 cents (October 2020)  | 185,000             | 94,387,754              |
| Shares issued at 0.2 cents (October 2020)  | 300,000             | 150,000,000             |
| Shares issued at 0.175 cents (November 2020)   | 300,000             | 171,428,031             |
| Shares issued at 0.1 cents (November 2020)   | 1,200,000           | 1,200,000,000           |
| Shares issued at 0.1 cents (December 2020)   | 1,050,000           | 1,050,000,000           |
| Options exercised at 0.3 cents (March 2021)  | 972                 | 324,003                 |
| Shares issued at 0.1 cents (April 2021)  | 1,600,000           | 1,600,000,000           |
| Options exercised at 0.3 cents (April 2021)  | 63                  | 20,834                  |
| Shares issued at 0.1 cents (June 2021)   | 1,400,000           | 1,400,000,000           |
| Options exercised at 0.3 cents (June 2021)   | 3,988               | 1,329,250               |
| Share base entry for difference between market value of shares and the value of the creditors paid | 1,418,507           | -                       |
| Less: expenses related to capital raising  | (671,493)           | -                       |
| At the end of the reporting year   | 51,995,750          | 21,770,381,433          |

#### Ordinary shares

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



# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### NOTE 18: ISSUED CAPITAL (continued)

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

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

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

### NOTE 18(a): RESERVE

| Options   | Date Issued | Note  | \$        | Number of Options |
|---|-------------|-------|-----------|-------------------|
| <i>As at 1 July 2018</i>  |             |       | -         | -                 |
| Options issued with an exercise price of 0.7 cents (expiry 5 November 2021)                                   | 24/12/2018  |       | 2,000     | 20,000,000        |
| Options issued with an exercise price of 0.2 cents (expiry 1 March 2022)                                      | 28/02/2019  |       | 4,000     | 40,000,000        |
| Options issued with an exercise price of 0.2 cents (expiry 3 June 2022)                                       |             |       | 16,655    | -                 |
| Options issued with an exercise price of 0.2 cents (expiry 1 March 2022)                                      |             |       | 142,268   | -                 |
| <i>As at 30 June 2019</i>   |             |       | 164,923   | 60,000,000        |
| Options issued with an exercise price of 0.2 cents (expiry: 1 March 2022)                                     | 15/07/2019  | (i)   | -         | 145,490,352       |
| Options issued with an exercise price of 0.2 cents (expiry: 1 March 2022)                                     | 05/08/2019  | (ii)  | 9,475     | 15,000,000        |
| Options issued with an exercise price of 0.2 cents (expiry: 1 March 2022)                                     | 27/09/2019  | (iii) | -         | 80,000,000        |
| Exercise of options at 0.2 cents  | 15/10/2019  |       | (11,475)  | (35,000,000)      |
| Free attaching options issued with an exercise price of 0.7 cents (expiry: 5 November 2021)                   | 08/11/2019  |       | -         | 79,333,334        |
| Options issued with an exercise price of 0.2 cents (expiry: 1 March 2022)                                     | 22/11/2019  | (iv)  | 597,214   | 160,000,000       |
| Exercise of options at 0.2 cents  | 12/12/2019  |       | (143,871) | (105,000,000)     |
| Options issued with an exercise price of 0.2 cents (expiry: 1 March 2022)                                     | 27/12/2019  | (v)   | 148,859   | 50,000,000        |
| Options issued with an exercise price of 0.2 cents (expiry: 1 March 2022)                                     | 24/03/2020  | (v)   | 45,686    | 50,000,000        |
| Options issued with an exercise price of 0.2 cents (expiry: 1 March 2022)                                     | 18/06/2020  | (v)   | 194,565   | 100,000,000       |
| Free attaching options issued @\$0.0001 per option with an exercise price of 0.2 cents (expiry: 1 March 2022) | 18/06/2020  |       | 41,800    | 458,000,000       |
| <i>As at 30 June 2020</i>   |             |       | 1,047,176 | 1,057,823,686     |
| Options issued with an exercise price of 0.2 cents (expiry: 1 March 2022)                                     | 23/07/2020  |       | 10,000    | 100,000,000       |
| Exercise of options at 0.2 cents  | 13/08/2020  |       | -         | (37,832,090)      |
| Options issued with an exercise price of 0.2 cents (expiry: 1 March 2022)                                     | 15/10/2020  |       | 7,500     | 75,000,000        |
| Options issued with an exercise price of 0.2 cents (expiry: 1 March 2022)                                     | 20/11/2020  |       | 5,714     | 57,142,800        |
| Carried forward   |             |       | 1,070,390 | 1,252,134,396     |

**CLASSIC MINERALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**NOTE 18(a): RESERVE (continued)**

| <b>Options</b>   | <i>Date Issued</i> | <i>Note</i> | <b>\$</b> | <i>Number of Options</i> |
|--|--------------------|-------------|-----------|--------------------------|
| Brought forward  |                    |             | 1,070,390 | 1,252,134,396            |
| Free attaching options issued with an exercise price of 0.3 cents (expiry: 3 February 2024)        | 03/02/2021         |             | -         | 4,220,222,136            |
| Exercise of options at 0.3 cents   | 18/03/2021         |             | -         | (324,003)                |
| Exercise of options at 0.3 cents   | 29/04/2021         |             | -         | (20,834)                 |
| Exercise of options at 0.3 cents   | 17/06/2021         |             | -         | (1,250,000)              |
| Exercise of options at 0.3 cents   | 17/06/2021         |             | -         | (79,250)                 |
| Free attaching options issued with an exercise price of 0.3 cents (expiry: 3 February 2024)        | 17/06/2021         |             | -         | 400,000,000              |
| Options issued @\$0.00072 per option with an exercise price of 0.3 cents (expiry: 3 February 2024) | 17/06/2020         | (vi)        | 12,940    | 18,000,000               |
| Options issued @\$0.00072 per option with an exercise price of 0.3 cents (expiry: 3 February 2024) | 17/06/2020         | (vi)        | 12,940    | 18,000,000               |
| Unissued options   | -                  | (vii)       | 53,212    | -                        |
| At the end of reporting year   |                    |             | 1,149,482 | 5,906,682,445            |

- (i) Relates to options issued for repayment of debt approved by shareholders on 27 June 2019 of which the value is reflected within the opening balance as at 1 July 2019.
- (ii) Relates to options issued for financing activities pursuant to a mandate dated 4 of March 2019. As at 30 June 2019 the terms of the options were subject to further negotiation and were accrued for as a liability.
- (iii) Financier options approved by shareholders on 27 June 2019 of which the value is reflected within the opening balance as at 1 July 2019.
- (iv) Relates to 160,000,000 options issued to financiers pursuant to mandates entered into during 30 June 2019. These were approved by shareholders on 27 June 2019 however were subject to further negotiations and were accrued for as a liability as at 30 June 2019. Subsequently, shareholder approval was obtained on 22 November 2019 and were accordingly the options were re-valued using the Black-Scholes option-pricing model with the inputs in the table below. \$597,214 represents the difference between the fair value of \$613,369 and the balances recorded as at 30 June 2019.
- (v) Establishment options issued to Whead Pty Ltd as part of a financing facility and were valued using the Black-Scholes option-pricing model with the inputs in the table below.
- (vi) Options issued to Klip Pty Ltd (Klip) and Rotherwood Enterprises Pty Ltd (Rotherwood) as part of a financing facilities.
- (vii) 106,000,000 unissued options for GTT Venture Pty Ltd as performance rights remuneration, and Klip and Rotherwood as part of financing facilities.

**CLASSIC MINERALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**NOTE 18(a): RESERVE (continued)**

The 2020 valuation of the options was based on the following key inputs:

**2020**

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

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

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

|                                      | <b>30 June 2021</b> |  | <b>30 June 2020</b> |  |
|--------------------------------------|---------------------|--|---------------------|--|
|                                      | <b>Number</b>       | <b>Weighted average exercise price (cents)</b> | <b>Number</b>       | <b>Weighted average exercise price (cents)</b> |
| Outstanding at the beginning of year | 1,057,823,686       | 0.24   | 60,000,000          | 0.37   |
| Granted during the year              | 4,888,364,936       | 0.30   | 1,137,823,686       | 0.23   |
| Forfeited during the year            | -                   | -  | -                   | -  |
| Exercised during the year            | (39,506,177)        | 0.20   | (140,000,000)       | 0.20   |
| Expired during the year              | -                   | -  | -                   | -  |
| Outstanding at the end of year       | 5,906,682,445       | 0.29   | 1,057,823,686       | 0.24   |
| Exercisable at the end of year       | 5,906,682,445       | 0.29   | 1,057,823,686       | 0.24   |

The weighted average remaining contractual life for the share-based payment options outstanding as at 30 June 2021 was 2.18 years (2020: 1.65 years).

The weighted average fair value of options granted during the year was 0.001 cents (2020: 0.09 cents)

The following share options were exercised during the year ended 30 June 2021 and 2020.

| <b>Options exercised</b> | <b>30 June 2021</b>  |                    |   | <b>30 June 2020</b>  |                    |   |
|--------------------------|----------------------|--------------------|---|----------------------|--------------------|---|
|                          | <b>Exercise date</b> | <b>Expiry Date</b> | <b>Share price at exercise date (cents)</b> | <b>Exercise date</b> | <b>Expiry Date</b> | <b>Share price at exercise date (cents)</b> |
| 1,329,250                | 17/06/2021           | 03/02/2024         | 0.15  |                      |                    |   |
| 20,834                   | 29/04/2021           | 03/02/2024         | 0.10  |                      |                    |   |
| 324,003                  | 18/03/2021           | 03/02/2024         | 0.02  |                      |                    |   |
| 37,832,090               | 13/08/2020           | 01/03/2022         | 0.02  |                      |                    |   |
| 35,000,000               |                      |                    |   | 15/10/2019           | 01/03/2022         | 0.20  |
| 105,000,000              |                      |                    |   | 03/12/2019           | 01/03/2022         | 0.20  |

# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### NOTE 18(a): RESERVE (continued)

#### Performance rights

During the year ended 30 June 2020, the following performance rights were issued:

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

**CLASSIC MINERALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**NOTE 18(a): RESERVE (continued)**

Tranche 3 – 50,000,000 performance rights will vest if both of the following conditions are satisfied:

A VWAP equal to 166.66% above the closing price of ordinary shares at the date of grant is achieved; and

Announcement of a JORC Code inferred mineral resources of at least 350,000 oz of gold, at a minimum grade of at least 1g/t in respect of a Company project.

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

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

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

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

Reconciliation of reserve:

|                                    | <i>30 June 2021</i><br>\$ | <i>30 June 2020</i><br>\$ |
|------------------------------------|---------------------------|---------------------------|
| Options                            | 1,149,482                 | 1,047,176                 |
| Performance Rights                 | 1,967,500                 | 1,967,500                 |
| <b>Share based payment reserve</b> | <b>3,116,982</b>          | <b>3,014,676</b>          |

**CLASSIC MINERALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**NOTE 18(a): RESERVE (continued)**

|  | Note  | 30 June 2021<br>\$ | 30 June 2020<br>\$ |
|--|-------|--------------------|--------------------|
| Share based payment for difference between market value of shares issued and the value of creditors paid | 17    | 1,418,507          | 2,408,531          |
| Performance rights granted during the year   | 17(a) | -                  | 1,967,500          |
| Options granted during the year  | 17(a) | -                  | 511,940            |
| Unissued options   | 17(a) | 28,345             | -                  |
| <b>Total Share based payment expense</b>   |       | <b>1,446,852</b>   | <b>4,887,971</b>   |

**NOTE 19: EXPENDITURE COMMITMENTS**

**(a) Exploration Expenditure Commitments**

Payable

Not later than 1 year

More than 1 year but not later than 5 years

Greater than 5 years

| 30 June 2021<br>\$ | 30 June 2020<br>\$ |
|--------------------|--------------------|
| 778,115            | 609,095            |
| 6,742,910          | 6,169,847          |
| -                  | 1,351,177          |
| <b>7,521,025</b>   | <b>8,130,119</b>   |

**(b) Capital Expenditure Commitments**

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

**NOTE 20: CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

*Performance Rights Remuneration*

On 15 April 2021, the Company entered into a Corporate Advisory Mandate with GTT Ventures Pty Ltd for receiving corporate advisory services for a period of 3 months. As part of the agreement, the Company will issue 40,000,000 listed options CLZOA (expiry 3 February 2024 with exercise price \$0.003) as performance rights remuneration once the Company's CLZ share price achieves a 5-day VWAP of at least \$0.003 during the mandate period. Refer to note 18(a) for unissued options for GTT Ventures Pty Ltd. Through end of the services in July 2021, the target had not been achieved.

*Earn in and Joint Venture Agreement*

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

# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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### NOTE 20: CONTINGENT LIABILITIES AND CONTINGENT ASSETS (continued)

Key commercial terms of the Agreement are:

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

As described in Note 3, payment was made at the end of the first earn in period.

#### Royalties

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

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

#### Standby Subscription facility agreement

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

### NOTE 21: SEGMENT REPORTING

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

# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### NOTE 22: STATEMENT OF CASH FLOWS

|   | <i>30 June 2021</i> | <i>30 June 2020</i> |
|---|---------------------|---------------------|
|   | \$                  | \$                  |
| <b>a. Reconciliation of the net loss after income tax to net cash flows from operating activities</b> |                     |                     |
| Net profit/(loss) for the year  | (13,713,932)        | (15,744,186)        |
| <b>Non-cash Items</b>   |                     |                     |
| Depreciation and amortisation expense   | 518,947             | 398,544             |
| Share based payments <sup>1</sup>   | 1,446,852           | 9,949,044           |
| Settlement of a bonus payable to KMP via the disposal of a motor vehicle                              | -                   | 8,060               |
| Miscellaneous assets written off  | 26,540              | 25,000              |
| Impairment losses   | 1,496,709           | -                   |
| Loss on asset disposal  | 9,370               | 2,331               |
| Shares yet to be issued   | 355,050             | 205,000             |
| <b>Changes in assets and liabilities</b>  |                     |                     |
| (Increase)/decrease in trade and other receivables  | (465,901)           | (36,233)            |
| (Increase)/decrease in other assets   | 126,990             | 77,257              |
| Increase/(decrease) in trade creditors and other payables   | 2,222,548           | 1,225,611           |
| Increase/(decrease) in provisions   | 41,741              | (6,985)             |
| Cash outflows from operations   | <u>(7,935,086)</u>  | <u>(3,896,557)</u>  |

<sup>1</sup> During the year, non-cash share-based payments amounted to \$1,446,852 (2020: \$9,949,044). Of these, \$1,215,831 (2020: \$9,579,044) related to operating activities. Other share-based payments in relation to financing and investing activities were:

Investing:

- Purchase of plant and equipment of \$201,020 (2020: \$20,000)

Financing:

- Settlement of borrowing fee of \$30,000 (2020: \$350,000)

### b. Reconciliation of cash and equivalents

|                               | <i>30 June 2021</i> | <i>30 June 2020</i> |
|-------------------------------|---------------------|---------------------|
|                               | \$                  | \$                  |
| Cash and equivalents comprise |                     |                     |
| - cash at bank                | 2,018,953           | 488,608             |
| - undeposited fund            | 230,253             | -                   |
|                               | <u>2,249,206</u>    | <u>488,608</u>      |

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

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



**CLASSIC MINERALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**NOTE 23: KEY MANAGEMENT PERSONNEL DISCLOSURES**

|  | <i>30 June 2021</i> | <i>30 June 2020</i> |
|--|---------------------|---------------------|
|  | \$                  | \$                  |
| Compensation of key management personnel by category |                     |                     |
| Short-term employee benefits                         | 1,584,537           | 823,405             |
| Post employment benefits                             | -                   | -                   |
| Share-based payment                                  | -                   | 820,000             |
|  | <u>1,584,537</u>    | <u>1,643,405</u>    |

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

**NOTE 24: RELATED PARTY TRANSACTIONS**

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

**2021**

On 6 May 2021 the Company appointed Gillian Catherine King as Non-Executive Director who is entitled to a base fee of \$40,000 per annum plus GST, if applicable, inclusive of statutory superannuation.

By the agreed proposal dated 1 February 2021, Dean Goodwin as Consultant Geologist of Reliant Resources Pty Ltd (Reliant) shall provide services to establish a JORC compliant resources estimate in relation to Forrestania Gold Project and Kat Gap Project. The scope of work includes geological services, geological mapping services and services related to stock exchange announcements and investor relations. Total cost for the services is \$540,000, which is payable on a monthly basis of \$30,000 (excluding GST) on submission of invoices. Reliant will employ contractors as required for the services and will invoice the Company for the additional costs. In addition, Reliant will be entitled to one vehicle up to a value of \$150,000, supplied by the Company, at no cost to Reliant, any time after 12 months from commencement of the scope in the agreed proposal.

In November 2017 the Company acquired Forrestania Intellectual Properties owned by Dean Goodwin with the amount of \$1,000,000. Deed of Assignment dated 29 June 2021 between Dean Goodwin and the Company was entered to conclude the completion of payment and assignment of Forrestania Intellectual Properties. For the year ended 30 June 2021, Dean Goodwin was paid \$675,000 in relation with the Forrestania Intellectual Properties (2020: \$175,000). See Note 2v Prior Years Adjustment related to the acquisition of Forrestania Intellectual Properties.

**2020**

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

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

**CLASSIC MINERALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**NOTE 25: 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:

|                              | <i>30 June 2021</i> | <i>30 June 2020</i> |
|------------------------------|---------------------|---------------------|
|                              | \$                  | \$                  |
| <b>Financial assets</b>      |                     |                     |
| Cash and cash equivalents    | 2,249,206           | 488,608             |
| Trade and other receivables  | 77,494              | 104,087             |
|                              | <b>2,326,700</b>    | <b>592,695</b>      |
| <b>Financial liabilities</b> |                     |                     |
| Trade and other payables     | 4,646,458           | 3,912,299           |
| Lease liability              | 81,069              | 135,964             |
| Borrowings                   | 5,822,370           | 1,872,181           |
|                              | <b>10,549,897</b>   | <b>5,920,444</b>    |

The Company's principal financial instruments comprise cash and cash equivalents and trade and other receivables. The Company has borrowings and trade and other payables in the normal course of business.

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

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

**(a) Market risk**

**(i) Foreign exchange risk**

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

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

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

# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### NOTE 25: FINANCIAL RISK MANAGEMENT AND POLICIES (continued)

#### (b) Credit risk

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

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

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

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

|                                    | 30 June 2021<br>\$ | 30 June 2020<br>\$ |
|------------------------------------|--------------------|--------------------|
| <b>Cash and cash equivalents</b>   |                    |                    |
| AA S&P rating                      | 2,249,206          | 488,608            |
| <b>Trade and Other receivables</b> |                    |                    |
| Unsecured                          | 77,494             | 104,087            |

#### (c) Liquidity risk

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

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

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

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

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

| Year ended 30 June 2021     | <1 year    | 1 - 5<br>Years | Over 5<br>Years | Total contractual<br>cashflows | Weighted<br>average<br>effective<br>interest rate<br>% |
|-----------------------------|------------|----------------|-----------------|--------------------------------|--|
| Financial Assets:           |            |                |                 |                                |  |
| Cash and cash equivalents   | 2,249,206  | -              | -               | 2,249,206                      | -  |
| Trade and other receivables | 77,494     | -              | -               | 77,494                         | -  |
|                             | 2,326,700  | -              | -               | 2,326,700                      |  |
| Financial Liabilities:      |            |                |                 |                                |  |
| Trade and other payables    | 4,646,458  | -              | -               | 4,646,458                      | -  |
| Lease liability             | 59,851     | 21,218         | -               | 81,069                         | -  |
| Borrowings                  | 5,822,370  | -              | -               | 5,822,370                      | -  |
|                             | 10,528,679 | 21,218         | -               | 10,549,897                     |  |

**CLASSIC MINERALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**NOTE 25: FINANCIAL RISK MANAGEMENT AND POLICIES (continued)**

**(c) Liquidity risk (continued)**

| Year ended 30 June 2020     | <1 year   | 1 - 5<br>Years | Over 5<br>Years | Total contractual<br>cashflows | Weighted<br>average<br>effective<br>interest rate<br>% |
|-----------------------------|-----------|----------------|-----------------|--------------------------------|--|
| Financial Assets:           |           |                |                 |                                |  |
| Cash and cash equivalents   | 488,608   | -              | -               | 488,608                        | -  |
| Trade and other receivables | 104,087   | -              | -               | 104,087                        | -  |
|                             | 592,695   | -              | -               | 592,695                        |  |
| Financial Liabilities:      |           |                |                 |                                |  |
| Trade and other payables    | 3,912,299 | -              | -               | 3,912,299                      | -  |
| Lease liability             | 54,894    | 81,070         | -               | 135,964                        | -  |
| Borrowings                  | 1,872,181 | -              | -               | 1,872,181                      | -  |
|                             | 5,839,374 | 81,070         | -               | 5,920,444                      |  |

**(d) Fair value estimation**

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

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

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

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

**(e) Capital risk**

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

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

During 2021, the Company's strategy, which has remained unchanged from previous years, borrowed funds on a short-term basis to assist in its exploration activities. The company's equity management is determined by funds required to undertake its research & development activities and meet its corporate and other costs.

**CLASSIC MINERALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

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**NOTE 26: SUBSEQUENT EVENTS**

On 1 July 2021, the Company repaid the unsecured and non-bearing interest short-term loan of \$250,000 from Greywood Holdings Pty Ltd.

The Company entered into agreement with Greywood Holdings Pty Ltd for the advanced \$180,000 short-term loan on 12 July 2021, which matures on 12 September 2021 and carries an interest rate of 3% per month. The loan is secured against the Company's assets under Personal Property Securities Register. The extension loan is payable on 12 November 2021. The Company extended repayment date of \$500,000 loan from Greywood Holdings Pty Ltd which was due on 3 August 2021. The latest extension loan is payable on 3 December 2021.

The Company made repayment of \$150,000 short-term loan from CTRC Pty Ltd which was due on 13 July 2021.

The Company extended repayment date of \$300,000 loan from Gold Processing Equipment Pty Ltd which was due on 20 July 2021. The latest extension loan is payable on 20 November 2021.

On 21 July 2021 the Company issued 598,723,000 shares. The Company raised \$300,069 in cash and \$298,700 as debt settlement.

The Company extended repayment date of \$400,000 loan from Foskin Pty Ltd which was due on 29 July 2021. The latest extension loan is payable on 29 November 2021.

The General Meeting of Shareholders on 6 August 2021 approved the grants of 420,000,000 Performance Rights issued to Non-Executive Directors. Performance Rights issued in August 2021: 980,000,000 Class A Performance Rights and 420,000,000 Class B Performance Rights. Expiry of Performance Rights: 5:00 pm 30 June 2026.

The Company made repayment of \$300,000 short-term loan from Rotherwood Enterprises Pty Ltd which was due on 10 August 2021. Total repayment of principal and its interest on 13 September 2021 was \$364,208.22.

The Company made repayment of \$300,000 short-term loan from Klip Pty Ltd which was due on 10 August 2021. Total repayment of principal and its interest on 13 September 2021 was \$364,208.22.

The Company extended repayment date of \$250,000 loan from CTRC Pty Ltd which was due on 18 August 2021. The latest extension loan is payable on 18 December 2021.

The Company entered into agreement with Greywood Holdings Pty Ltd for the advanced \$200,000 short-term loan on 25 August 2021, which matures on 25 September 2021 and carries an interest rate of 3% per month. The loan is secured against the Company's assets under Personal Property Securities Register. The loan agreement was replaced with the change of repayment date to be extended to 25 November 2021.

On 25 August 2021, the Company entered into agreement with CTRC Pty Ltd for the advanced \$500,000 short-term loan, which matures on 25 September 2021 and carries an interest rate of 3% per month. The loan is secured against the Company's assets under Personal Property Securities Register. The extension loan is payable on 25 November 2021.

The Company extended repayment date of \$250,000 loan from CTRC Pty Ltd which was due on 26 August 2021. The latest extension loan is payable on 26 December 2021.

The Company invited its eligible shareholders to participate in Share Purchase Plan for raising funds that would be applied for the purpose of accelerating exploration and production activities at the Company's Kat Gap project. The Share Purchase Plan was closed on 6 September 2021, and the Company raised approximately \$2,395,000 out a maximum amount of \$8,400,000. As announced on 10 September 2021, the Company had issued the related 1,834,935,897 ordinary shares with the issued price of \$0.0013/share.

**CLASSIC MINERALS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

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**NOTE 26: SUBSEQUENT EVENTS (continued)**

On 22 September 2021 the Company issued 2,849,720,000 shares and 36,000,000 options. The Company raised \$1,425,000 in cash and \$1,349,720 as debt settlement.

The Company extended repayment date of \$300,000 loan from Rotherwood Enterprises Pty Ltd which was due on 24 September 2021. The latest extension loan is payable on 24 December 2021.

The Company extended repayment date of \$700,000 loan from Klip Pty Ltd which was due on 24 September 2021. The latest extension loan is payable on 24 December 2021.

On 29 September 2021, the Company entered into agreement with Greywood Holdings Pty Ltd for unsecured and non-bearing interest short-term loan of \$300,000. Term of the loan is for up to two weeks. The loan was repaid on 1 October 2021.

On 8 October 2021, the Company entered into agreement with Greywood Holdings Pty Ltd for unsecured short-term loan of \$300,000, which matures on or before 8 November 2021 and carries an interest rate of 3% per month.

There have been no other matters or circumstances that have arisen since 30 June 2021 that have or may significantly affect the operations, results, or state of affairs of the Company in future financial years.

**NOTE 27: SHARE BASED PAYMENTS**

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

| <b>30 June 2021<br/>Issued for</b> | <b>Grant Date</b> | <b>Vesting Date</b> | <b>Number of<br/>shares</b> | <b>Value<br/>(\$)</b> |
|------------------------------------|-------------------|---------------------|-----------------------------|-----------------------|
| Creditor's repayment               | 23/07/2020        | 23/07/2020          | 59,200,000                  | 64,000                |
| Creditor's repayment               | 12/08/2020        | 12/08/2020          | 268,086,734                 | 356,250               |
| Creditor's repayment               | 13/08/2020        | 13/08/2020          | 619,668,367                 | 663,750               |
| Creditor's repayment               | 05/10/2020        | 05/10/2020          | 52,700,000                  | 105,400               |
| Creditor's repayment               | 20/11/2020        | 20/11/2020          | 412,700,000                 | 465,400               |
| Borrowing repayment                | 20/11/2020        | 20/11/2020          | 125,000,000                 | 125,000               |
| Borrowing fee payment              | 20/11/2020        | 20/11/2020          | 20,000,000                  | 20,000                |
| Borrowing fee payment              | 30/12/2020        | 30/12/2020          | 16,700,000                  | 33,400                |
| Creditor's repayment               | 30/12/2020        | 30/12/2020          | 400,000,000                 | 400,000               |
| Creditor's repayment               | 18/01/2021        | 18/01/2021          | 300,000,000                 | 300,000               |
| Creditor's repayment               | 19/02/2021        | 19/02/2021          | 505,199,040                 | 505,199               |
| Borrowing fee payment              | 19/02/2021        | 19/02/2021          | 16,700,000                  | 16,700                |
| Borrowing fee payment              | 29/04/2021        | 29/04/2021          | 85,000,000                  | 85,000                |
| Creditor's repayment               | 29/04/2021        | 29/04/2021          | 604,420,000                 | 604,420               |
| Creditor's repayment               | 25/05/2021        | 25/05/2021          | 264,000,000                 | 264,000               |
| Creditor's repayment               | 17/06/2021        | 17/06/2021          | 198,420,000                 | 198,420               |
| Borrowing fee payment              | 17/06/2021        | 17/06/2021          | 60,000,000                  | 60,000                |
|                                    |                   |                     | <b>4,007,794,141</b>        | <b>4,266,939</b>      |

**CLASSIC MINERALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**NOTE 27: SHARE BASED PAYMENTS (continued)**

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

**NOTE 28: AUDITORS REMUNERATION**

|                       | <b>30 June 2021</b><br>\$ | <b>30 June 2020</b><br>\$ |
|-----------------------|---------------------------|---------------------------|
| Auditors remuneration | 50,235                    | 84,514                    |
|                       | <b>50,235</b>             | <b>84,514</b>             |

# CLASSIC MINERALS LIMITED

## ASX ADDITIONAL INFORMATION

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| <b>Schedule of Mineral Tenements as at 30 June 2021</b> |              |  |
|---|--------------|--|
| <b>TENEMENT</b>   | <b>AREA</b>  | <b>INTEREST HELD BY CLASSIC MINERALS LIMITED</b> |
| <b>E74/422</b>  | Forrestania  | 100%   |
| <b>M74/249</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>E77/2472</b>   | Forrestania  | 100%   |
| <b>E77/4271</b>   | Forrestania  | 100%   |
| <b>E77/2470</b>   | Forrestania  | 100%   |
| <b>E28/2705</b>   | Fraser Range | 100%   |
| <b>E28/2704</b>   | Fraser Range | 100%   |
| <b>E28/2703</b>   | Fraser Range | 100%   |
| <b>E28/1904</b>   | Fraser Range | 100%   |
| <b>L74/57</b>   | Forrestania  | 100%   |



# CLASSIC MINERALS LIMITED

## ASX ADDITIONAL INFORMATION

### As at 24 September 2021

The following information is required by the ASX Limited in respect of public companies and is current as at 24 September 2021.

1. Shareholding CLZ FPO

| <u>SIZE OF HOLDINGS</u> | <u>NUMBER OF HOLDERS</u> | <u>Ordinary Shares</u> |
|-------------------------|--------------------------|------------------------|
| 1 to 1,000              | 34                       | 1,965                  |
| 1,001 to 5,000          | 5                        | 19,804                 |
| 5,001 to 10,000         | 109                      | 1,057,827              |
| 10,001 to 100,000       | 388                      | 24,231,128             |
| 100,001 and over        | 7,517                    | 27,028,449,606         |
| <b>TOTAL</b>            | <b>8,053</b>             | <b>27,053,760,330</b>  |

- The number of shareholdings held which comprise less than a marketable parcel is 2,363 shareholders holding 528,843,767 shares.
- As at 24 September 2021 there are no restricted shares.
- There are no substantial shareholders in the Company's registry as at 24 September 2021.
- The voting rights attached to the ordinary shares:  
Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

### Top 20 Shareholders as at 24 September 2021

| <b>Rank</b> | <b>Rank Name</b>   | <b>Units</b>          | <b>% of Units</b> |
|-------------|--|-----------------------|-------------------|
| 1           | BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM             | 1,271,945,227         | 4.70              |
| 2           | GREGORY DENISE PTY LTD                                   | 706,028,641           | 2.61              |
| 3           | KLIP PTY LTD   | 636,307,682           | 2.35              |
| 4           | GOLD PROCESSING EQUIPMENT PTY LTD                        | 504,176,923           | 1.86              |
| 5           | GOLDBRIDGE SL PTY LTD                                    | 443,076,923           | 1.64              |
| 6           | MR DAVID REGINALD HUGHES & MRS CHRISTINE MADELINE HUGHES | 400,000,000           | 1.48              |
| 7           | JANAMA ASSET MANAGEMENT PTY LTD                          | 350,000,000           | 1.29              |
| 8           | MR MICHAEL DAVID HANEY                                   | 258,316,100           | 0.95              |
| 9           | CITICORP NOMINEES PTY LIMITED                            | 218,194,129           | 0.81              |
| 10          | MR DOMINIC VIRGARA                                       | 200,000,000           | 0.74              |
| 11          | CTRC PTY LTD   | 191,612,245           | 0.71              |
| 12          | BEIRNE TRADING PTY LTD                                   | 170,269,349           | 0.63              |
| 13          | BNP PARIBAS NOMINEES PTY LTD                             | 167,208,912           | 0.62              |
| 14          | BOND STREET CUSTODIANS LIMITED                           | 164,159,790           | 0.61              |
| 15          | ANELES CONSULTING SERVICES PTY LTD                       | 160,920,724           | 0.59              |
| 16          | JANAMA ASSET MANAGEMENT PTY LTD                          | 150,000,000           | 0.55              |
| 17          | RELIANT RESOURCES PTY LTD                                | 139,375,289           | 0.52              |
| 18          | MR DOMINIC VIRGARA                                       | 132,326,528           | 0.49              |
| 19          | TROCA ENTERPRISES PTY LTD                                | 127,716,662           | 0.47              |
| 20          | BNP PARIBAS NOMS PTY LTD                                 | 125,860,461           | 0.47              |
|             | Totals:  | <b>6,517,495,585</b>  | <b>24.09</b>      |
|             | Total Remaining Holders Balance                          | <b>20,536,264,745</b> | <b>75.91</b>      |
|             | Total Holders Balance                                    | <b>27,053,760,330</b> | <b>100.00</b>     |

**CLASSIC MINERALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**As at 24 September 2021**

CLZOA Listed Options:

Exercise Price: \$0.003

Expiry Date: 03 February 2024

| <u>SIZE OF HOLDINGS</u> | <u>NUMBER OF HOLDERS</u> | <u>Securities</u>    |
|-------------------------|--------------------------|----------------------|
| 1 to 1,000              | 34                       | 2,262                |
| 1,001 to 5,000          | 153                      | 443,323              |
| 5,001 to 10,000         | 98                       | 773,387              |
| 10,001 to 100,000       | 1,648                    | 92,676,556           |
| 100,001 and over        | 3,631                    | 4,596,629,521        |
| <b>TOTAL</b>            | <b>5,564</b>             | <b>4,690,525,049</b> |

The number of options held which comprise less than a marketable parcel is 4,142 holders holding 572,907,438 options.

**Top 20 Options Holders as at 24 September 2021**

| <b>Rank</b> | <b>Rank Name</b>                             | <b>Units</b>         | <b>% of Units</b> |
|-------------|--|----------------------|-------------------|
| 1           | BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM | 213,735,638          | 4.56              |
| 2           | JANAMA ASSET MANAGEMENT PTY LTD              | 177,500,000          | 3.78              |
| 3           | WHEAD PTY LTD                                | 77,031,250           | 1.64              |
| 3           | WHEAD PTY LTD                                | 77,031,250           | 1.64              |
| 4           | KLIP PTY LTD                                 | 70,089,329           | 1.49              |
| 5           | GOLDBRIDGE SL PTY LTD                        | 65,000,000           | 1.39              |
| 6           | KLIP PTY LTD                                 | 59,987,702           | 1.28              |
| 7           | ROTHERWOOD ENTERPRISES PTY LTD               | 56,000,000           | 1.19              |
| 8           | PAUL THOMSON FURNITURE PTY LTD               | 55,586,122           | 1.19              |
| 9           | GOLD PROCESSING EQUIPMENT PTY LTD            | 54,175,000           | 1.15              |
| 10          | MRS RHIANNON LILLIAN-JESSIE HANEY            | 53,954,031           | 1.15              |
| 11          | MR DOMINIC VIRGARA                           | 50,000,000           | 1.07              |
| 12          | ANELES CONSULTING SERVICES PTY LTD           | 49,394,826           | 1.05              |
| 13          | CITICORP NOMINEES PTY LIMITED                | 43,641,572           | 0.93              |
| 14          | TROCA ENTERPRISES PTY LTD                    | 39,561,991           | 0.84              |
| 15          | KLIP PTY LTD                                 | 38,000,000           | 0.81              |
| 16          | MR DOMINIC VIRGARA                           | 33,081,632           | 0.71              |
| 17          | PALO VERDE SERVICES PTY LTD                  | 31,722,222           | 0.68              |
| 18          | RELIANT RESOURCES PTY LTD                    | 29,074,592           | 0.62              |
| 19          | BNP PARIBAS NOMINEES PTY LTD                 | 29,026,035           | 0.62              |
| 20          | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED    | 26,754,224           | 0.57              |
|             | Totals:                                      | <b>1,330,347,416</b> | <b>28.36</b>      |
|             | Total Remaining Holders Balance              | <b>3,360,177,633</b> | <b>71.64</b>      |
|             | Total Holders Balance                        | <b>4,690,525,049</b> | <b>100.00</b>     |

# CLASSIC MINERALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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### **SECURITY CLASS – Unlisted Options:**

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

### **SECURITY CLASS – Unlisted Options:**

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

| <b>Date of options granted</b> | <b>Number of shares under option</b> | <b>Exercise price of option</b> | <b>Expiry date of option</b> |
|--------------------------------|--------------------------------------|---------------------------------|------------------------------|
| 27/12/2018                     | 20,000,000                           | \$0.007                         | 05/11/2021                   |
| 08/11/2019                     | 79,333,334                           | \$0.007                         | 05/11/2021                   |
| 28/02/2019                     | 20,000,000                           | \$0.002                         | 01/03/2022                   |
| 27/06/2019                     | 280,490,352                          | \$0.002                         | 01/03/2022                   |
| 07/02/2020                     | 100,000,000                          | \$0.002                         | 01/03/2022                   |
| 25/03/2020                     | 100,000,000                          | \$0.002                         | 01/03/2022                   |
| 11/05/2020                     | 420,167,910                          | \$0.002                         | 01/03/2022                   |
| 24/07/2020                     | 100,000,000                          | \$0.002                         | 01/03/2022                   |
| 05/10/2020                     | 75,000,000                           | \$0.002                         | 01/03/2022                   |
| 20/11/2020                     | 57,142,800                           | \$0.002                         | 01/03/2022                   |
| Listed options                 |                                      |                                 |                              |
| 03/02/2021                     | 4,218,525,049                        | \$0.003                         | 03/02/2024                   |
| Listed options                 |                                      |                                 |                              |
| 17/06/2021                     | 436,000,000                          | \$0.003                         | 03/02/2024                   |
| Listed options                 |                                      |                                 |                              |
| 22/09/2021                     | 36,000,000                           | \$0.003                         | 03/02/2024                   |
| <b>TOTAL</b>                   | <b>5,942,659,445</b>                 |                                 |                              |