

07 June 2022

The Manager,
Company Announcements Office
Australian Securities Exchange Limited
Level 40, Central Park,
152-158 St George's Terrace,
PERTH, WA, 6000.

Dear Sir/Madam,

Capital Raising

Classic Minerals Limited (ASX:CLZ) (the **Company**) is pleased to announce that it has entered into a mandate with Still Capital Pty Ltd (**Mandate**) for a capital raising of up to \$4.0 million by way of a proposed issue of convertible notes, each with a face value of \$25,000 (**Convertible Notes**). The Convertible Notes will be convertible into ordinary shares in the Company at any time up to 18 months after the issue of the Convertible Notes – any Convertible Note not converted by that date will be redeemed. A summary of the terms of the Convertible Notes is attached at Annexure A.

Noteholders converting Convertible Notes will also be entitled to one (1) free attaching option for every two (2) shares issued on conversion, exercisable at \$0.18 (on a post-Consolidation basis) on before 1 June 2025 (**Conversion Options**). A summary of the terms of the Conversion Options is attached at Annexure B.

Pursuant to the proposed issue of Convertible Notes, as at the date of this announcement the Company has received indicative acceptances for \$4.0 million.

Under the terms of the Mandate, Still Capital will be entitled to the following fees:

- Sign on fee - \$100,000 to cover shareholder management, documentation drafting and associated development costs and expenses to be paid post-completion of the issue of Convertible Notes;
- Success fee – 2.5 million Shares and 5.0 million Options (each on a post-Consolidation basis) (together, **Advisor Securities**) on completion of \$2,500,000 injected into the Company by way of the issue of the Convertible Notes; and
- Capital raising fee - 3% (plus GST) of the total funds received under the placement of the Convertible Notes.

The Company notes that the issue of the Convertible Notes and Advisor Securities is conditional on shareholder approval being obtained at a general meeting of the Company to be convened in early July 2022 – the Company expects to despatch a notice of meeting to shareholders during the week ended 10 June 2022 (**Meeting**).

Other matters to be considered by shareholders at the Meeting include a consolidation of capital on a 1:150 basis (**Consolidation**), the ratification of prior issues of securities and some amendments to the Company's constitution.

The HotCopper post:

The Company has been made aware of a post that appeared on the HotCopper website on 1 June 2022 (**Post**). The Post included specific details of the proposed issue of Convertible Notes which the Company confirms were an accurate representation of the terms of the Convertible Notes.

The Company is not aware of the identity of the author of the Post and notes that contributors to HotCopper threads generally use pseudonyms.

As soon as the Company was made aware of the Post, the Company's securities were placed in a trading halt.

This announcement has been authorised by the Board.

ENDS:

ANNEXURE A – TERMS & CONDITIONS OF CONVERTIBLE NOTES

The following are the terms and conditions of issue of the Convertible Notes:

1. **Face Value**

Each Convertible Note has a face value of \$25,000 (**Face Value**).

2. **Condition precedent**

The issue of Convertible Notes is conditional on the Company having obtained shareholder approval for the issue of Convertible Notes.

3. **Security status**

The Convertible Notes are unsecured.

4. **Interest rate**

No interest is payable on Convertible Notes. In lieu of interest, the Company will issue one free attaching Conversion Option for every two (2) Conversion Shares issued.

5. **Maturity date**

18 months from the issue date (**Maturity Date**).

6. **Redemption**

Convertible Notes which have not previously been converted will be redeemed on the Maturity Date.

7. **Conversion**

(a) Subject to these Terms, a holder of a Convertible Note has a right to convert the Convertible Note to Conversion Shares (**Conversion**) at any time after the date of issue of the Convertible Note.

(b) Convertible Notes will convert into Conversion Shares on the following basis:

$$\text{Number of Conversion Shares} = \frac{\text{Number of Convertible Notes} \times \text{Face Value}}{\text{Conversion Price}}$$

8. **Conversion Price**

The price at which Convertible Notes convert to Conversion Shares (**Conversion Price**) is the lesser of:

(a) a 20% discount to the 15-day VWAP of Shares as at the day prior to Conversion; and

(b) \$0.075 (on a post-Consolidation basis).

9. **Redemption**

Any Convertible Note not converted by the Maturity Date must be redeemed by the Company at the Face Value.

10. **Quotation of Shares**

(a) Convertible Notes will not be quoted on ASX.

(b) Each Conversion Share will rank *pari passu* with the Company's existing Shares.

(c) On the date of Conversion (**Conversion Date**), subject to clause 10(d) of these terms, the Company must provide to ASX a notice complying with section 708A(12C)(e) (**Cleansing Notice**).

(d) If on the Conversion Date the Company would be unable to provide to ASX a Cleansing

Notice in respect of a Conversion because it is for any reason unable to comply with the requirements of sections 708A(5)(e) and 708A(6) of the Corporations Act, the Company must within 10 Business Days after the Conversion Date lodge with ASIC a prospectus complying with section 708A(11) of the Corporations Act (**Cleansing Prospectus**).

- (e) If the Company is under an obligation to lodge a Cleansing Prospectus, and the Conversion Date would occur prior to actual lodgement of the Cleansing Prospectus then the Conversion of the Convertible Note will not occur until the date on which the Company has complied with its obligations under clause 6(d), the **New Conversion Date** and each Convertible Note will be converted on the New Conversion Date.

ANNEXURE B – TERMS & CONDITIONS OF CONVERSION OPTIONS

The following are the terms and conditions of the Conversion Options:

1. Entitlement

Each Conversion Option will entitle the holder to subscribe for one Share. All Shares issued upon the exercise of Conversion Options will rank equally in all respects with the Company's existing Shares.

2. Exercise price

Each Conversion Option shall entitle the holder to acquire one Share upon payment of the sum of \$0.18 (on a post-Consolidation basis) per Conversion Option (**Exercise Price**) to the Company.

3. Exercise of options

The Conversion Options will expire at 5.00pm WST on 1 June 2025 (**Expiry Date**). The Conversion Options may be exercised, in whole or in part, at any time prior to the Expiry Date, by completing and delivering a duly completed form of notice of exercise to the registered office of the Company together with the payment of the Exercise Price in immediately available funds for the number of Shares in respect of which the Conversion Options are exercised. A Conversion Option not exercised on or before the Expiry Date will lapse. Shares issued pursuant to the exercise of Conversion Options will be issued, and a holding statement or share certificate provided to the holders of Conversion Options in respect of those Shares, on the above terms and conditions not more than 15 business days after the receipt of a duly completed form of notice of exercise and the Exercise Price.

4. Quotation of Conversion Options

Application will be made to ASX for quotation of the Conversion Options.

5. Quotation of Shares

Provided the Company is listed on ASX at the time, application will be made for quotation of Shares issued on exercise of Conversion Options not later than 15 business days after the date of issue. If required, the Company will give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if such a notice delivered is for any reason not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 business days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

6. Transfer

The Conversion Options are transferable subject to any restrictions imposed by ASX or under applicable Australian securities laws.

7. Participation and entitlements

There are no participating rights or entitlements inherent in the Conversion Options and holders will not be entitled to participate in new issues of securities offered to Shareholders during the currency of the Conversion Options. However, the Company must give notice to the holders of Conversion Options of any new issue before the record date for determining entitlements to the issue in accordance with the Listing Rules so as to give holders the opportunity to exercise their Conversion Options before the date for determining entitlements to participate in any issue.

8. Reorganisation of share capital

In the event of a reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company, all rights of holders of Conversion Options shall be changed to the extent necessary to comply with the Corporations Act and the Listing Rules applying to a

reorganisation of capital at the time of the reorganisation.

9. Bonus issue

if, from time to time, before the expiry of the Conversion Options the Company makes a pro-rata issue of Shares to Shareholders for no consideration, the number of Shares over which a Conversion Option is exercisable will be increased by the number of Shares which the holder would have received if the Conversion Options had been exercised before the date for calculating entitlements to the pro-rata issue.