



CLASSIC
MINERALS LTD

ACN 119 484 016

Annual Report **2015**



CLASSIC MINERALS LIMITED

ACN: 119 484 016

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

CONTENTS

	PAGE
<i>Corporate directory</i>	1
<i>Directors' report</i>	2
<i>Directors' declaration</i>	12
<i>Auditor's independence declaration</i>	13
<i>Independent audit report</i>	14
<i>Statement of Profit or Loss and other Comprehensive Income</i>	16
<i>Statement of Financial Position</i>	17
<i>Statement of Changes in Equity</i>	18
<i>Statement of Cash Flows</i>	19
<i>Notes to the financial statements</i>	20
<i>ASX Additional Information</i>	43
<i>Schedule of Mineral Tenements</i>	45

CLASSIC MINERALS LIMITED

CORPORATE DIRECTORY

DIRECTORS

Justin Douch
Kent Hunter
Stan Procak

COMPANY SECRETARY

Jeffrey Nurse

A.B.N.

77 119 484 016

PRINCIPAL OFFICE

71 Furniss Road
Landsdale, WA, 6065

REGISTERED OFFICE

71 Furniss Road,
Landsdale, WA, 6065

AUDITORS

Bentleys Audit & Corporate (WA) Pty Ltd
Level 1, 12 Kings Park Road
WEST PERTH WA 6005

CLASSIC MINERALS LIMITED

DIRECTORS' REPORT

The directors of Classic Minerals Limited submit herewith the financial report for the financial year ended 30 June 2015.

Directors

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

Justin Douch
Kent Hunter
Stanislaw Procak

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

Company Secretary

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

Jeffrey Nurse

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

Current Directors' qualifications and experience

Justin Douch (Executive Director)

Age: 33 years old

Qualifications and Experience

Mr Douch has served in the resource industry in Western Australia for the past 11 years, where he has gained extensive experience in the areas of drilling, mineral exploration and project financing. More recently Mr Douch has been serving as a Non-Executive Director of Ironstone Resources Ltd, actively involved in the exploration and acquisition of a diverse range of tenements in Western Australia. Justin's experience in exploration and the development of processes to expediently access and explore Classic's tenements is invaluable as is its alignment to the process of marketing its value to investors and end-users alike.

Shareholdings

5,748,337 ordinary shares

CLASSIC MINERALS LIMITED

DIRECTORS' REPORT

Kent Hunter (Non-Executive Director)

Age: 48 years old

Qualifications and Experience

B.Bus CA

Mr Hunter is a Chartered Accountant with over 16 years in corporate and company secretarial services, capital raisings, ASX Compliance and regulatory requirements and involvement in listing over 20 Companies. Mr Hunter founded Mining Corporate in 2000 which identified industrial, technology and exploration companies requiring a route to ASX Listing. Mr Hunter is a director of Cazaly Resources and Carbon Conscious Limited.

Shareholdings

1,500,002 ordinary shares (held directly).

Stanislaw Procak (Non-Executive Director)

Age: 72 years old

Qualifications and Experience

Mr Procak is an experienced manager with over 35 years of mining industry experience in Western Australia. His specific area of experience comprises the coordinating of the complete set-up for mining projects from grass roots including staffing, operating budgets, financial management, mining techniques and methods and staff motivation to attain significant project milestones including throughput and grades. Immediately prior to joining Classic, Mr Procak was project manager at Golden West Resources Limited and prior to that General Manager Operations with Mawson West Limited. Mr. Procak's experience includes employment in senior positions at Telfer Gold Mine, Big Bell Gold Mine, Golden Grove Polymetallic Mine and Kambalda Nickel Operations.

Shareholdings

1,712,502 ordinary shares (held directly)

Meetings of directors

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

The number of Directors' meetings (including committees) held during the financial period, each Director held office during the financial year, and the number of meetings attended by each director were as follows:

Director	Board of Directors	
	Meetings. Attended	Number Eligible to Attend
Justin Douch	1	1
Stan Procak	1	1
Kent Hunter	1	1

Principal activities

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

Operating results

The loss of the Company for the year ended 30 June 2015 amounted to \$5,910,190 (2014: loss of \$3,102,505).

Dividends

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

Review of operations

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

Throughout this financial year the company conducted a number of drilling campaigns, ground and aerial surveys and geo-chemical sampling programs.

Between August and September 2014, the drilling of the SAM targets was completed in which all diamond core holes intersected disseminated sulphide mineralization that was targeted using the SAM survey method.

Mapping and Geo-chemical sampling of the Fraser Range project included a mapped area of 3km x 1.5km. A topographical survey of the Alpha deposit was completed along with a detailed survey of accurate collar locations using DGPS was also completed.

Detailed surveys for accurate collar locations were also conducted in September 2014 at the Cowarna rocks hematite deposit E28/2238 and the Dohertys gold mining lease project M57/619.

Operations in October and December 2014 included the downhole Electro-magnetic survey at the SAM 1 target and the detailed Aero-Magnetic survey flown over the Fraser Range Project.

In the first quarter of 2015 the Company's operations included definition drilling at the Alpha deposit, mapping of the central zone of the Fraser Range tenement and a rock chip geo-chemical program targeting the "Western gabbro marker horizon".

Significant changes in state of affairs

In May 2015, the company issued 7,633,929 shares to several sophisticated investors; these shares were issued at \$0.0064 to \$0.01 per share and raised \$60,000.

There were no other significant changes in the state of affairs of the Company during the year ended 30 June 2015.

After reporting date events

On 26 August 2015, the Company received the proceeds from a Convertible Note issue of \$1m to Mvest Pty Ltd, a company related to Marlene Douch (mother of Justin Douch). Under the terms of the Convertible Note ("CN") the face value of the CN can be converted into shares at any time during a 12-month period at an exercise price of \$0.03 per share. Interest on the CN is charged at 17.5% per annum.

There are no other matters or circumstances that have arisen since 30 June 2015 that have or may significantly affect the operations, results, or state of affairs of the Company in future financial years.

Future developments

The Company will continue to explore its exploration areas and look to establish its exploration interest in prospective fields.

Environmental regulation

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

DIRECTORS' REPORT

Options Premium Reserve

The Option Premium reserve had a balance of \$Nil as at 30 June 2015 (2014: \$1,005,126).

Non-Audit Services

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

Auditor's independence declaration

The auditor's independence declaration for the year ended 30 June 2015 has been received, forms part of the Director's Report, and can be found on page 13.

Indemnification of Officers

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

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

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

During the financial year, the Company paid premiums for Directors and Officers liability insurance of \$14,190 (2014: \$14,190).

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company has not a party to any such proceedings during the year.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

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

The remuneration report is set out in the Table.

Principles used to determine the nature and amount of remuneration

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

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

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

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

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

(a) Details of key management personnel ("KMP")

(i) Directors

Justin Douth
Kent Hunter
Stanislaw Procak

(ii) Senior Executives

Jacob Douth
James Passaris
Jeffrey Nurse

CLASSIC MINERALS LIMITED

Details of Remuneration for Year Ended 30 June 2015 and 30 June 2014

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

	SHORT-TERM BENEFITS			POST EMPLOYMENT		SHARE-BASED PAYMENT		TOTAL	REPRESENTED BY EQUITY/OPTIONS %
	Salary	Other	Non-Monetary	Superannuation	Retirement Benefits	Equity	Options	\$	
Directors									
Kent Hunter									
2015	60,000	-	-	-	-	-	-	60,000	-
2014	31,862	-	-	-	-	-	-	31,862	-
Stanislaw Procak									
2015	50,000	-	-	4,625	-	-	-	54,625	-
2014	50,000	-	-	4,625	-	-	-	54,625	-
Justin Douth									
2015	250,000(i)	5,400	21,330	23,750	-	-	-	300,480	-
2014	250,000	-	21,330	23,125	-	-	-	294,455	-
Jacob Douth (ii)									
2015	175,000(i)(ii)	-	-	18,525	-	20,000	-	213,525	9.3%
2014	173,042	-	-	16,006	-	-	-	189,048	-
Paul Lambrecht (resigned 29 November 2013)									
2015	-	-	-	-	-	-	-	-	-
2014	18,939	-	-	-	-	-	-	18,939	-
James Passaris									
2015	227,854	-	-	-	-	-	-	227,854	-
2014	227,854	265,289 (iii)	-	-	-	-	-	493,143	-
Jeffrey Nurse									
2015	110,890	-	-	10,439	-	-	-	121,329	-
2014	110,000	-	-	10,175	-	-	-	120,175	-
Total Remuneration Key Management Personnel									
2015	873,744	5,400	21,330	57,339	-	20,000	-	977,813	2.04%
2014	861,697	265,289	21,330	53,931	-	-	-	1,202,247	-

- i) Justin Douth and Jacob Douth agreed to defer the payment of salaries until such time as the Company could pay them. The amount as at 30 June 2015 owing to Justin Douth was \$99,811 and owing to Jacob Douth was \$58,284. Please refer to Note 15.
- ii) In 2015, Mr. Jacob Douth received 2,000,000 shares (amounting to \$20,000) in lieu of salary payable.
- iii) As at 30 June 2013, a total of \$248,681 was outstanding from Mr. Passaris, a member of the Company's key management personnel. During the period interest accrued on this loan balance amounted to \$16,608. On 30 December 2013 the directors resolved to forgive the total loan amount, including accrued interest, of \$265,289 to Mr Passaris. This loan forgiveness has been treated as part of Mr Passaris's remuneration for the current financial period.

DIRECTORS' REPORT

Employment Details of Members of Key Management Personnel

The Company has entered into a services agreement with Mr. Justin Douth to provide services in his capacity as Managing Director. There is no fixed term to this Agreement.

Under this Agreement there are standard termination provisions and the Company can give notice of termination, or alternatively, payment in lieu of services. Following the Company's Initial Public Offering ("IPO"), Mr. Douth's salary was increased to \$250,000 plus statutory superannuation. This increase was approved at a Director's Meeting by the Board. In 2014/15, Mr Douth agreed to defer salary payments until such time as the Company could make salary payments. Upon termination of this agreement or after a period of 5 years, the motor vehicle leased by the Company will be transferred to Mr. Douth at nil consideration at which point all running costs will be at the expense of Mr. Douth. Mr. Douth is also be reimbursed for reasonable expenses incurred in carrying out his duties.

Non-Executive Director Letter Agreements

The Company has entered into non-executive director letter agreements with Kent Hunter, and Stan Procak, these letter agreements outline the terms and conditions on which the Non-Executive Directors would carry out their duties to the Company. Mr. Hunter and Mr. Procak have been paid an annual remuneration of \$60,000 with no superannuation and \$50,000 plus statutory superannuation respectively. Both Mr Hunter and Mr Procak are reimbursed for reasonable expenses incurred in carrying out their duties.

Executive Agreements

The Company has an employment contract with Jacob Douth as Tenement Manager, Jacob Douth's salary has been increased to \$195,000 plus superannuation.

In the event that Mr Jacob Douth's employment is terminated after one year of service, he will be entitled to receive an additional week's notice and any annual leave and long service leave entitlements will be paid. In 2014/15, financial year, Mr Douth agreed to defer payments of his salary until the Company could afford to make such payments.

The Company has an employment contract with Jeffrey Nurse as the Company's Chief Financial Officer and Company Secretary. Following the Company's IPO, Jeffrey Nurse's salary was increased to \$110,000 plus superannuation.

Consultancy Agreement

The company has entered into a consultancy agreement with Aneles Consulting Services Pty Ltd, a company in which James Passaris has an interest to provide business services at the rate of \$4,820 per week plus GST.

Either party may terminate the Agreement at any time by providing the other Party with a written notice of termination equal to the Notice period and in the case of the principal paying the Contractor an amount equal to the Fee the contractor would otherwise earn during the Notice period. The Notice period is 90 days.

CLASSIC MINERALS LIMITED

Shareholdings of Key Management Personnel

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

	Balance 1 July 2014	Received as remuneration	Net Change Other	Balance 30 June 2015
Stanislaw Procak	1,712,502	-	-	1,712,502
Justin Douch	2,250,004	-	2,998,333 (ii)	5,248,337
Kent Hunter	1,300,002	-	-	1,300,002
Jacob Douch	1,960,000	2,000,000	-	3,960,000
James Passaris	2,240,010	-	-	2,240,010
Jeffrey Nurse	500,000	-	10,000	510,000
	9,962,518	2,000,000	3,008,333	14,970,851

(i) Included in this amount was 1,800,000 shares received by Samantha Douch (wife of Justin Douch) as part of providing loans to the Company during the year.

	Balance 1 July 2013	Received as remuneration	Net Change Other	Balance 30 June 2014
Stanislaw Procak	1,650,002	-	62,500	1,712,502
Justin Douch	2,000,004	-	250,000	2,250,004
Kent Hunter	1,300,002	-	-	1,300,002
Paul Lambrecht	1,200,002	-	-	1,200,002 (i)
Jacob Douch	1,960,000	-	-	1,960,000
James Passaris	2,240,010	-	-	2,240,010
Jeffrey Nurse	500,000	-	-	500,000
	10,850,020	-	312,500	11,162,520

(i) Number of shares held at time of resignation – 29 November 2013

Option holdings of Key Management Personnel

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

	Balance 1 July 2014	Received as remuneration	Net Change Other	Balance 30 June 2015
Stanislaw Procak	-	-	-	-
Justin Douch	-	-	-	-
Kent Hunter	-	-	-	-
Jacob Douch	-	-	233,333	233,333
James Passaris	-	-	233,334	233,334
Jeffrey Nurse	-	-	-	-
	-	-	466,667	466,667

No Options to subscribe for unused fully paid ordinary shares in the Company at the date of this report held by directors and other Key Management Personnel.

CLASSIC MINERALS LIMITED

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

2015

- In 2015, an aggregate amount of \$60,000 was paid or due and payable to MCAS Pty Ltd, ("Mining Corporate") and M.Y. Body this amount represented Directors Fees payable to Mr Hunter in his capacity as Non-Executive Director. Mr Hunter has an interest in MCAS and M.Y Body. An amount of \$30,044 remains owing as at 30 June 2015.
- In 2015, an aggregate amount of \$380,080 was paid or due and payable to Denarda Holdings Pty Ltd ("Denarda"), a company in which John Douth (father of Justin Douth) has a beneficial interest. Denarda is in the business of providing drilling services to mining companies and these services were provided to this Company at commercial rates. An amount of \$200,277 remains as a prepayment for future drilling as at 30 June 2015.
- In 2015, an aggregate amount of \$383,420 was expensed by the Company in relation to services provided by Namija Pty Ltd ("Namija"), a company which John Douth (father of Justin Douth) is a consultant. Services performed by Namija during the year include consulting and fees in relation to business strategy, financing and indigenous affairs support at commercial rates. An amount of \$170,017 remains owing as at 30 June 2015.
- In 2015, the Company had a \$100,000 fully refundable deposit with Guide Resources Pty Ltd, to carry out due diligence on three tenements – E28/2730, E28/2731 and E25/454 located in the Cowarna Rocks area. Mr. James Passaris is a director of Guide Resources Pty Ltd. During the year the Company agreed to acquire these tenements for \$100,000. No further payment was made to Guide during the year.
- In 2015, three short-term loans totalling \$48,519 (tranche 1), \$30,000 (tranche 2) and \$8,000 (tranche 3) were advanced to the Company by Samantha Douth (wife of Justin Douth). These loans have subsequently been repaid, with tranche 3 repaid during the period. Finance charges included in tranche 1 and tranche 3 was interest on advances at 20% per month, and as well as 1,000,000 shares for tranche 1 and 800,000 shares for tranche 3. There was no interest incurred on the second tranche advance.
- In June 2015, the Company received two short-term loans from Jacob Douth (\$3,500) and Aneles Consulting Services Pty Ltd (\$3,157), a company related to James Passaris. Both of these loans attracted an interest rate of 10% per month and have been repaid subsequent to the end of the financial year.

2014

- In 2014, an aggregate amount of \$55,000 was paid or due and payable to Guide Resources Pty Ltd, these payments related to Options over several mining tenements covered by a Tenement Sourcing Agreement. Mr. James Passaris is a director of Guide Resources Pty Ltd. In addition to these payments, the Company made a \$100,000 fully refundable deposit to Guide to carry out due diligence on three tenements E28/2370, E28/2371 and E25/454 all located in the Cowarna Rocks area, to acquire the marketing of iron ore rights on these tenements. Additionally, the Company acquired the Marketing Rights to iron ore over the Cowarna Rocks tenement (E28/2238) for \$400,000 (cash) and 5 million shares valued at \$800,000 from Guide Resources Pty Ltd. In June 2014, an independent valuation of the Cowarna Rocks tenement was prepared by an Independent Geologist, Al Maynard & Associates and valued the Cowarna Rocks tenement between \$0.8 million and \$1.4 million.
- In 2014, an aggregate amount of \$985,919 was paid or due and payable to Denarda Holdings Pty Ltd ("Denarda"), a company in which John Douth has a beneficial interest. Denarda is in the business of providing drilling services to mining companies and these services were provided to this Company at commercial rates. An amount of \$264,609 remains as a prepayment as at 30 June 2014.
- In 2014, an aggregate amount of \$381,969 was expensed by the Company in relation to services provided by Namija Pty Ltd ("Namija"), a company which John Douth (father of Justin Douth) is a consultant. Services performed by Namija during the year include consulting and fees in relation to business strategy, financing and indigenous affairs support at commercial rates. An amount of \$9,038 remains owing as at 30 June 2014.
- In 2014, an aggregate amount of \$39,394 was paid or due and payable to Mining Corporate Pty Ltd, ("Mining Corporate") of this amount \$7,532 related to the provision of corporate advisory services, and corporate secretarial services while Mr. Kent Hunter, acted as Company Secretary. The remaining \$31,862 related to Directors Fees payable to Mr Hunter in his capacity as Non-Executive Director. Mr Hunter has an interest in Mining Corporate Pty Ltd.
- In the financial year ended 30 June 2014, an aggregate amount of \$18,939 was paid, or due and payable to Alouisus Pty Ltd, a company related to Mr. Paul Lambrecht, this amount represented Directors' Fees for the five months that Mr Lambrecht was a Non-Executive Director of the Company. Mr Lambrecht resigned as a Non-Executive Director with effect from 29 November 2013.

END OF REMUNERATION REPORT

CLASSIC MINERALS LIMITED

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

Justin Douth
Executive Director

Dated this 30th day of September 2015

CLASSIC MINERALS LIMITED

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

1. the financial statements and notes are in accordance with the Corporations Act 2001 and:
 - a. comply with Australian Accounting Standards and the Corporations Regulations 2001; and
 - b. give a true and fair view of the financial position of the Company as at 30 June 2015 and of the performance as represented by the results of its operations and its cashflows for the year ended on that date;
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2.

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

Justin Doutch
Executive Director

Dated this 30th day of September 2015

**Bentleys Audit & Corporate
(WA) Pty Ltd**

Level 1, 12 Kings Park Road
West Perth WA 6005

Australia

PO Box 44

West Perth WA 6872

Australia

ABN 33 121 222 802

T +61 8 9226 4500

F +61 8 9226 4300

bentleys.com.au

To The Board of Directors

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

As lead audit director for the audit of the financial statements of Classic Minerals Limited for the financial year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully



BENTLEYS
Chartered Accountants



MARK DELAURENTIS CA
Director

Dated at Perth this 30th day of September 2015

Independent Auditor's Report

To the Members of Classic Minerals Limited

We have audited the accompanying financial report of Classic Minerals Limited ("the Company"), which comprises the statement of financial position as at 30 June 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of accounting policies, other explanatory information and the directors' declaration.

Directors' Responsibility 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 Accounting Standards AASB 101: *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

**Bentleys Audit & Corporate
(WA) Pty Ltd**

Level 1, 12 Kings Park Road
West Perth WA 6005

Australia

PO Box 44

West Perth WA 6872

Australia

ABN 33 121 222 802

T +61 8 9226 4500

F +61 8 9226 4300

bentleys.com.au

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Opinion

In our opinion:

- a. The financial report of Classic Minerals Limited is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. The financial statements also comply with *International Financial Reporting Standards* as disclosed in Note 2.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the financial report which indicates that the company incurred a net loss of \$5,910,190 during the year ended 30 June 2015. This condition, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the company to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 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.

Opinion

In our opinion, the Remuneration Report of Classic Minerals Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.



BENTLEYS
Chartered Accountants



MARK DELAURENTIS CA
Director

Dated at Perth this 30th day of September 2015

CLASSIC MINERALS LIMITED

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015**

	Note	30 June 2015	30 June 2014
		\$	\$
Revenue from continuing operations	3	-	50,000
Profit on sale of shares in listed company	3	-	399,319
Research & Development rebate	3	-	2,830,198
Other Income	3	37,815	37,755
Employee benefits and consultants expense		(1,340,618)	(1,858,375)
Legal expenses & professional fees		(165,415)	(595,987)
Commissions paid		(114,795)	(277,514)
Depreciation expense	11	(74,796)	(65,341)
Exploration expenses		(1,172,737)	(2,738,361)
Financing Charges		(1,318,654)	(268,500)
Travel expenses		(18,554)	(85,933)
Occupancy expenses		(156,726)	(152,995)
Impairment Charge relating to the diminution in value of marketing rights	13	(1,200,000)	-
Administration expenses	4	(385,710)	(111,482)
Loan Forgiveness		-	(265,289)
Loss before income tax expense		(5,910,190)	(3,102,505)
Income tax benefit	5	-	-
Loss for the year		(5,910,190)	(3,102,505)
Other Comprehensive Income			-
Items that may subsequently be reclassified to profit or loss			
- sale of financial asset		-	(66,667)
Income tax on other comprehensive Income		-	-
Total Other Comprehensive Income		-	(66,667)
Total Comprehensive loss for year		(5,910,190)	(3,169,172)
Loss for the year			
Attributable to members of Classic Minerals Limited		(5,910,190)	(3,102,505)
		(5,910,190)	(3,102,505)
Total Comprehensive loss for year			
Attributable to members of Classic Minerals Limited		(5,910,190)	(3,169,172)
		(5,910,190)	(3,169,172)
Basic loss per share (cents per share)	6	(0.022)	(1.51)

The accompanying notes form part of this financial report.

CLASSIC MINERALS LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

		<u>30 June 2015</u>	<u>30 June 2014</u>
		\$	\$
	<i>Note</i>		
CURRENT ASSETS			
Cash and cash equivalents	7	39,537	339,807
Trade and other receivables	8	47,877	3,054,814
Other	10	200,277	264,609
TOTAL CURRENT ASSETS		<u>287,691</u>	<u>3,659,230</u>
NON-CURRENT ASSETS			
Plant and equipment	11	280,315	350,578
Exploration, evaluation and development	12	231,300	131,300
Intangibles	13	-	1,200,000
Other assets	14	3,642	35,642
Financial assets	9	-	-
TOTAL NON-CURRENT ASSETS		<u>515,257</u>	<u>1,717,520</u>
TOTAL ASSETS		<u>802,948</u>	<u>5,376,750</u>
CURRENT LIABILITIES			
Trade and other Payables	15	1,661,619	1,342,567
Provision for Employee Benefits	16	61,669	54,477
Borrowings	17	899,374	852,676
TOTAL CURRENT LIABILITIES		<u>2,622,662</u>	<u>2,249,720</u>
NON-CURRENT LIABILITIES			
Borrowings	17	92,574	108,905
TOTAL NON CURRENT LIABILITIES		<u>92,574</u>	<u>108,905</u>
TOTAL LIABILITIES		<u>2,715,236</u>	<u>2,358,625</u>
NET (LIABILITIES)/ ASSETS		<u>(1,912,288)</u>	<u>3,018,125</u>
EQUITY			
Issued capital	18	12,923,158	11,943,381
Reserves	19	-	1,005,126
Accumulated losses		(14,835,446)	(9,930,382)
TOTAL EQUITY		<u>(1,912,288)</u>	<u>3,018,125</u>

The accompanying notes form part of this financial report.

CLASSIC MINERALS LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015

	Note	<u>30 June 2015</u> \$	<u>30 June 2014</u> \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipt of Research & Development rebates for 2012/13 and 2013/14		2,830,198	-
Payments to suppliers and employees		(2,716,340)	(5,045,128)
Interest expense		(728,764)	(139,773)
Interest received		23,989	1,159
Other Income received		13,826	-
Net cash (outflows) from operating activities	23(a)	<u>(577,091)</u>	<u>(5,183,742)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets		(24,364)	(202,645)
Proceeds from the sale of shares in a listed company		-	699,319
Purchase of shares in listed company Fairstar Resources Ltd		-	(100,000)
Exercise of Option to acquire Doherty's		-	(80,000)
Purchase of Marketing Rights at Cowarna Rocks		-	(200,000)
Loans to related entities		-	14,339
Return of Refundable Deposit		-	550,000
Net cash (outflows) from investing activities		<u>(24,364)</u>	<u>681,013</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Share Capital received		60,000	1,722,970
Proceeds from Option Entitlement Issue		-	1,005,126
Repayment of Loans received/(repaid)		(3,211,272)	(520,000)
Proceeds of short term loans		3,452,457	1,349,610
Net cash inflows from financing activities		<u>301,185</u>	<u>3,557,706</u>
Net increase/ (decrease) in cash held		<u>(300,270)</u>	<u>(945,023)</u>
Cash and cash equivalents at the beginning of the year		<u>339,807</u>	<u>1,284,830</u>
Cash and cash equivalents at the end of the year	23(b)	<u>39,537</u>	<u>339,807</u>

The accompanying notes form part of this financial report.

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1. Corporate Information

The financial report of Classic Minerals Limited (the Company) for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the directors on 30th September 2015.

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 incurred a loss of \$5,910,190 for the year ended 30 June 2015 (2014: \$3,102,505).

The net working capital position of the Company at 30 June 2015 was a deficit of \$2,334,971 (2014: surplus of \$1,409,510) and the net decrease in cash held during the year was \$300,270 (2014: 945,023). The Company has expenditure commitments relating to exploration expenditure obligations for their projects of \$227,006 which potentially could fall due in the twelve months to 30 June 2016. Furthermore, the Company has finance and operating lease commitments of \$150,026 payable in the next 12 months.

The Directors have prepared a cashflow forecast which indicates that the Company will have sufficient cashflows to meet all commitments and workings capital requirements for the period 12 months from the date of signing this report. The Company intends to finance the future operations through the following actions:

- Subsequent to balance date the Company raised \$1,000,000 in cash via a convertible note as disclosed in note 27. The maturity date of this convertible note is 26 August 2016, and the directors believe that this will be converted into equity;
- the completion of planned share placements expected to take place, including an Entitlements Issue in October to raise funds from the market of approx. \$300,000;
- the completion of subsequent raisings from placement to sophisticated investors of approx. \$1,000,000 in December;
- the completion of the research and development rebate for the 2015 financial year anticipated to be received in November 2015;
- the continued support of shareholders in relation to loans provided, which was evidenced by the extension on the repayment dates of borrowings of \$800,000 at balance date to 1 November 2015; and
- containing cash outflows based on working capital requirements

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

2. Summary of Significant Accounting Policies (continued)

Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Company's history of raising capital to date, the directors are confident of the Company's ability to raise additional funds as and when they are required.

Should the Company not achieve the matters set out above, there is material uncertainty whether it would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

The financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classifications of liabilities that might be necessary should the Company not be able to continue as a going concern.

(a) Cash and cash equivalents

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

(b) Employee benefits

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

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

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

(c) Financial assets

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

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

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

Available-for-sale financial assets

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

Financial assets at fair value through the Statement of Profit or Loss and Other Comprehensive Income

The Company classifies certain shares as financial assets at fair value through profit or loss. Financial assets held for trading purposes are classified as current assets and are stated at fair value, with any

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

2. Summary of Significant Accounting Policies (continued)

resultant gain or loss recognised in the Statement of Profit or Loss and Other Comprehensive Income for the year.

Loans and receivables

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

(d) Financial instruments issued by the company

Debt and equity instruments

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

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

Transaction costs on the issue of equity instruments

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

Fair Value of Assets and Liabilities

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

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

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

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

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

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Valuation techniques

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

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

2. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

Fair value hierarchy

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

Level 1

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

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

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

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

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

2. Summary of Significant Accounting Policies (continued)

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

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

(e) Goods and services tax

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

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

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

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

(f) Impairment of assets

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

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

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

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

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

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

2. Summary of Significant Accounting Policies (continued)

(g) Income tax

Current tax

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

Deferred tax

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

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

(h) Payables

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

(i) Presentation currency

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

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

2. Summary of Significant Accounting Policies (continued)

(j) Plant and equipment

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

Depreciation

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

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

(k) Exploration and Evaluation Expenditure

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

Subsequent exploration and evaluation costs related to an area of interest are written off. Acquired exploration assets are not written down below acquisition cost until such time as the acquisition cost is not expected to be recovered through use or sale.

(l) Intangible assets

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

(m) Provisions

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

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

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

(n) Revenue recognition

Interest revenue

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

(o) Equity based compensation

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

(p) Issued capital

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

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

2. Summary of Significant Accounting Policies (continued)

(p) Leases

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

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

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

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

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

(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) Critical accounting judgments, estimates and assumptions

Share based payments

The Company measures the cost of equity-settled transactions principally with its creditors by reference to the fair value of the equity instruments at the date at which they are granted. Share based payments are disclosed at Note 28.

Environmental Issues

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

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

2. Summary of Significant Accounting Policies (continued)

(s) Critical accounting judgments, estimates and assumptions (continued)

Exploration and evaluation costs

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

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

Impairment of intangible assets

As at 30 June 2015, the directors considered the value of the marketing rights over iron ore at the Company's Cowarna Rocks tenement and in light of downward trend in iron ore prices reduced the carrying value to \$Nil.

Taxation

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

Comparative figures

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

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

(t) Adoption of New and Revised Accounting Standard

New and revised AASB's affecting amounts reported and/or disclosures in the financial statements

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations that were issued but not yet effective are listed below.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2017	30 June 2018

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations'	1 January 2016	30 June 2017
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017
AASB 2014-6 'Amendments to Australian Accounting Standards – Agriculture: Bearer Plants'	1 January 2016	30 June 2017
AASB 2014-9 'Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements'	1 January 2016	30 June 2017
AASB 2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'	1 January 2016	30 June 2017
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	30 June 2017
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	30 June 2017
AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'	1 July 2015	30 June 2016
AASB 2015-4 'Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent'	1 July 2015	30 June 2016
AASB 2015-5 'Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception'	1 January 2016	30 June 2017

Note that the following new Standards and Interpretations are not applicable for the Group but are relevant for the period:

AASB 14 'Regulatory Deferral Accounts' and AASB 2014-1 'Amendments to Australian Accounting Standards – Part D: 'Consequential Amendments arising from AASB 14' is not applicable to the Group as the Group is not a first-time adopter of Australian Accounting Standards.

AASB 1056 'Superannuation Entities' is not applicable to the Group as the Group is not a superannuation entity.

AASB 2015-6 'Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities' is not applicable to the Group as the Group is a for-profit entity.

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 3: REVENUE FROM CONTINUING OPERATIONS

	30 June 2015	30 June 2014
	\$	\$
Interest Income	23,989	1,159
Other Income	13,826	35,854
Interest on due diligence deposit	-	50,000
Research & Development Rebate 2012/13	-	966,230
Research & Development Rebate 2013/14	-	1,863,968
Profit on the sale of shares in a listed company	-	399,319
Profit on the disposal of Motor vehicle	-	742
	<u>37,815</u>	<u>3,317,272</u>

NOTE 4: LOSS BEFORE INCOME TAX

	30 June 2015	30 June 2014
	\$	\$
The loss before income tax has been arrived at after charging the following expenses:		
Insurance expenses	37,844	32,868
Telephone expenses	10,666	14,733
Other administration expenses	337,200	63,881
	<u>385,710</u>	<u>111,482</u>

NOTE 5: INCOME TAX

	30 June 2015	30 June 2014
	\$	\$
(a) Current tax expense		
Current year	-	-
	<u>-</u>	<u>-</u>

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

Loss before tax	<u>(5,910,190)</u>	<u>(3,102,505)</u>
Income tax benefit calculated at 30%	(1,773,057)	(930,751)
Tax effect of:		
- Non-deductible expenses	239,011	153,729
- Impairment	360,000	-
- Current year revenue losses for which no deferred tax asset has been recognised	1,248,681	847,540
-Unrecognised timing differences	(44,635)	29,682
-Exploration costs	(30,000)	-
Capital losses utilised	-	(100,200)
Income tax expense on pre-tax net profit	<u>-</u>	<u>-</u>

(c) Unrecognised deferred tax balances

The following deferred tax assets (at 30%) have not been brought to account:

Unrecognised deferred tax asset – tax losses	2,833,268	1,740,819
Unrecognised deferred tax asset- other timing differences	177,224	240,607
Net deferred tax assets	<u>3,010,492</u>	<u>1,981,426</u>

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

During the year ended 30 June 2014, the Company applied for and has been assessed as being eligible to receive a rebate from the Australian Taxation Office of \$966,230 representing the tax value of research and development costs for the year 30 June 2013 this was received on 9 September 2014 and was shown as a receivable at 30 June 2014. The estimated research and development tax rebate in respect of expenditure incurred for the year ended 30 June 2014 of \$1,863,968 was also shown as a receivable as at 30 June 2014 (Refer to Note 8).

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	<u>30 June 2015</u>	<u>30 June 2014</u>
	\$	\$
NOTE 6: EARNINGS PER SHARE		
a. Loss for the year	(5,910,190)	(3,102,505)
b. Weighted average number of ordinary shares at 30 June	271,913,388	204,837,678
Earnings per share – cents	(0.022)	(1.51)
NOTE 7: CASH AND CASH EQUIVALENTS		
	<u>30 June 2015</u>	<u>30 June 2014</u>
	\$	\$
Cash at bank	39,537	339,807
NOTE 8: TRADE AND OTHER RECEIVABLES		
	<u>30 June 2015</u>	<u>30 June 2014</u>
	\$	\$
Current		
Research & Development Rebate 2012/13 and 2013/14 (i)	-	2,830,198
Refundable Deposit for Marketing Rights paid to Guide Resources Pty Ltd (ii)	-	100,000
Bonds and Security Deposits	15,477	42,477
Other receivables	32,400	82,139
	<u>47,877</u>	<u>3,054,814</u>

As at 30 June 2015 trade and other receivables do not contain impaired assets.

- (i) On 9 September 2014 and 4 November 2014, the Company received the Research & Development Rebate for 2012/13 and 2013/14 for \$966,230 and \$1,863,968 respectively.
- (ii) Under the Company's Tenement Sourcing Agreement with Guide Resources Pty Ltd, the Company entered into an agreement to acquire the marketing rights over three tenements for a refundable deposit of \$100,000. As at 30 June 2015, the Company had acquired all three tenements and Guide Resources is not required to refund any part of the deposit. Under Classic's accounting policy the cost of acquisition for these tenements has been capitalised. Refer to Note 25 for disclosure of Related Party transactions.

	<u>30 June 2015</u>	<u>30 June 2014</u>
	\$	\$
NOTE 9: FINANCIAL ASSETS		
Non-Current		
Shares received in consideration for the sale of mining tenements (at fair value)	275,000	275,000
Less: Provision for diminution in value of shares	(275,000)	(275,000)
	<u>-</u>	<u>-</u>

- (i) As at 30 June 2015 and 30 June 2014, the Company held 2,750,000 shares in Ironstone Resources Limited, a public unlisted company. A provision for the diminution in value of these shares has been made.

	<u>30 June 2015</u>	<u>30 June 2014</u>
	\$	\$
NOTE 10: OTHER ASSETS		
Current		
Prepaid Drilling Expenses	200,277	264,609
	<u>200,277</u>	<u>264,609</u>

The Company has a contract with Denarda Holdings Pty Ltd for the provision of drilling services. Pursuant to this Agreement the Company has pre-paid drilling expenses. This prepayment will be recovered from future services provided by Denarda. Refer to Note 25 for further explanation.

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 11: PLANT AND EQUIPMENT	30 June 2015	30 June 2014
Gross Carrying Amount	\$	\$
Motor Vehicles, Caravan and Quad Bikes		
Opening balance	244,030	192,466
Acquisitions	12,727	74,273
Disposals	(24,363)	(22,709)
Closing balance	<u>232,394</u>	<u>244,030</u>
Plant & Equipment		
Opening balance	146,476	62,800
Acquisitions	11,636	83,676
Disposals	-	-
Closing balance	<u>158,112</u>	<u>146,476</u>
Motor Vehicle under Hire Purchase		
Opening balance	139,853	77,500
Acquisitions	-	139,853
Disposals	-	(77,500)
Closing balance	<u>139,853</u>	<u>139,853</u>
Total Cost	<u>530,359</u>	<u>530,359</u>
	30 June 2015	30 June 2014
	\$	\$
Accumulated Depreciation		
Motor Vehicles, Caravan and Quad Bikes		
Opening balance	93,270	69,031
Depreciation charge for year	27,054	24,239
Impairment losses	-	-
Disposals	(19,854)	-
Closing balance	<u>100,470</u>	<u>93,270</u>
Plant & Equipment		
Opening balance	71,215	46,828
Depreciation charge for year	39,708	24,387
Impairment losses	-	-
Disposals	-	-
Closing balance	<u>110,923</u>	<u>71,215</u>
Motor Vehicle under Hire Purchase		
Opening balance	15,296	-
Depreciation charge for year	23,355	18,929
Disposals	-	(3,633)
Closing balance	<u>38,651</u>	<u>15,296</u>
	<u>250,044</u>	<u>179,781</u>
Carrying Amount		
Motor vehicles, Caravan and Quad Bikes		
At 1 July	150,760	123,435
At 30 June	131,924	150,760
Plant & Equipment		
At 1 July	75,261	15,972
At 30 June	47,189	75,261
Motor Vehicle under Hire Purchase		
At 1 July	124,557	73,867
At 30 June	101,202	124,557
Total Carrying Amount	<u>280,315</u>	<u>350,578</u>

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 12: EXPLORATION, EVALUATION AND DEVELOPMENT

	<u>30 June 2015</u>	<u>30 June 2014</u>
	\$	\$
Non-Current		
Doherty's exploration project	131,300	131,300
Cowarna Rocks exploration project	100,000	-
	<u>231,300</u>	<u>131,300</u>

NOTE 13: INTANGIBLES

	<u>30 June 2015</u>	<u>30 June 2014</u>
	\$	\$
Non-Current		
Acquisition of Marketing Rights over Cowarna Rocks (i)	1,200,000	1,200,000
Less: Impairment Charge	(1,200,000)	-
	<u>-</u>	<u>1,200,000</u>

- (i) In June 2014, the Company's requested an independent valuation of its tenement Cowarna Rocks. This valuation was prepared by Independent Geologist, Al Maynard & Associates and valued the Cowarna Rocks tenement between \$0.8 million and \$1.4 million. As a result of the downtrend in the spot price for Iron ore during the first half of 2015, the Directors have decided to recognise an impairment charge of \$1,200,000 for the year. The Directors continue to monitor trends in the price of iron ore and will review the value of the asset in future. Refer to Note 25 for disclosure of related party transactions.

NOTE 14: OTHER ASSETS

	<u>30 June 2015</u>	<u>30 June 2014</u>
	\$	\$
Non- Current		
Option agreements	-	32,000
Bond on tenements	3,642	3,642
	<u>3,642</u>	<u>35,642</u>

NOTE 15: TRADE AND OTHER PAYABLES

	<u>30 June 2015</u>	<u>30 June 2014</u>
	\$	\$
Current		
Trade and other payables (i)	617,734	588,961
Accruals	585,790	533,606
Accrual – outstanding salaries for Justin Douth and Jacob Douth (ii)	158,095	-
	<u>1,361,619</u>	<u>1,122,567</u>
Refundable deposit - received subject to due diligence (iii)	300,000	220,000
	<u>300,000</u>	<u>220,000</u>

- (i) Trade payables are non-interest bearing and are normally settled on 30-60 day terms. The amount of payables at balance date exceeding normal trading terms totalling \$362,568.
- (ii) Justin Douth and Jacob Douth agreed to defer the payment of salaries until such time as the Company could pay them. The amount as at 30 June 2015 owing to Justin Douth was \$99,811 and owing to Jacob Douth was \$58,284.
- (iii) On 4 January 2014, the Company entered into a Sale Agreement with Nex Metals Exploration Ltd for the sale of a tenement, subject to due diligence. As at the date of this report, Nex Metals Exploration Limited is not proceeding with the sale agreement and the balance of \$200,000 and interest of \$100,000 is due and payable.

NOTE 16: PROVISION FOR EMPLOYEE BENEFITS

	<u>30 June 2015</u>	<u>30 June 2014</u>
	\$	\$
Current		
Provision for Annual Leave	61,669	54,477
	<u>61,669</u>	<u>54,477</u>

NOTE 17: BORROWINGS

	<u>30 June 2015</u>	<u>30 June 2014</u>
	\$	\$
Current		
Loans from shareholders (i)	800,000	820,000
Loans from Related Parties (ii)	76,308	9,610
Hire Purchase contract (iii)	23,066	23,066
	<u>899,374</u>	<u>852,676</u>

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Non-Current

Hire purchase contract (iii)	92,575	108,905
	92,575	108,905

(i) As at 30 June 2015, three short-term loans were advanced to the Company by its shareholders. These unsecured loans amounted to \$857,704. Interest accrued on these loans at 10 per cent per month for a term of between 2-3 months.

(ii) Short-term loans totalling \$76,308 were advanced to the Company - \$70,650 (Tranches 1 and 2), \$3,500 and \$2,158 by Mrs Samantha Doutch (wife of Justin Doutch), Mr Jacob Doutch and Aneles Consulting Services Pty Ltd (a company related to Mr James Passaris) respectively. Interest on these loans accrued 10 per cent per month, except \$40,650 (tranche 1) which was accrued at 20% per month and \$30,000 (tranche 2) which was interest-free. A further \$8,000 was issued by Mrs Doutch as part of tranche 3, with interest at 20% per month that was repaid before balance date. Refer Note 25 for further details of transactions.

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

NOTE 18: ISSUED CAPITAL

	30 June 2014	Number of
	\$	Shares
Ordinary shares		
At the beginning of the reporting year	8,936,046	200,455,213
Share-based payments (refer to Note 28)	1,284,365	14,196,786
Share Capital issued at 4 cents (January 2014)	50,000	1,250,000
Private Placement of shares at 6 cents (February 2014)	1,500,000	25,000,000
Share Capital issued at 5 cents (February 2014)	20,000	400,000
Share Purchase Plan at 4 cents (February 2014)	208,500	5,212,500
Share Capital issued at 3.2 cents (June 2014)	20,000	625,000
Share Capital issued at 3 cents (June 2014)	14,000	466,667
Less: expenses related to capital Raisings	(89,530)	-
At the end of the reporting year	11,943,381	247,606,166

	30 June 2015	Number of
	\$	Shares
Ordinary shares		
At the beginning of the reporting year	11,943,381	247,606,166
Share based payments (refer to Note 28)	929,324	47,030,370
Share Capital issued at 1 cents (May 2015),	25,000	2,500,000
Share Capital issued at 0.007 cents (May 2015)	25,000	3,571,429
Share Capital issued at 0.0064 cents (May 2015)	10,000	1,562,500
Less: expenses related to capital raisings	(9,547)	-
At the end of the reporting year	12,923,158	302,270,465

NOTE 19: OPTION PREMIUM RESERVE

As at 30 June 2015, the balance of the Option Premium reserve was Nil. The Company's class of listed options expired during the period.

NOTE 20: EXPENDITURE COMMITMENTS

(a) Exploration Expenditure Commitments

	30 June 2015	30 June 2014
	\$	\$
Payable		
Not later than 1 year	227,006	105,300
Later than 1 year but not later than 5 years	773,378	189,173
Later than 5 years	158,400	285,082
	1,158,784	579,555

(b) Rental Commitments

	30 June 2015	30 June 2014
	\$	\$
Payable		
Not later than 1 year	126,960	169,056
Later than 1 year but not later than 5 years	128,970	-
	255,930	169,056

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

The Company has entered into a contract to lease office and warehouse premises located at 71 Furniss Street, Landsdale, 6065. The lease commenced from 1 September 2015 for a period of 24 months. The rental in the first year of the lease is approximately \$67,000 plus variable outgoings estimated to be around \$20,000. The Company leased a storage shed located in Kalgoorlie for \$3,330 per month.

(c) Finance lease commitments – Company as lessee

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

	<i>30 June 2015</i>	<i>30 June 2014</i>
	\$	\$
Within one year	23,066	23,066
After one year but not more than five years	118,623	134,954
Total minimum lease repayments	141,689	158,020
Less amounts representing finance charges	(26,048)	(26,049)
Present value of minimum lease payments	115,641	131,971
Included in the financial statements as:		
Current interest-bearing liabilities	23,066	23,066
Non-current interest-bearing liabilities	92,575	108,905
Total included in interest-bearing liabilities	115,641	131,971

(d) Capital Expenditure Commitments

There were no capital expenditure commitments at 30 June 2015.

NOTE 21: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Company has an Agreement for Sourcing Tenements ("AST") with Guide Resources Pty Ltd ("Guide") whereby if Guide introduces tenements to Classic and Classic enters into arrangements to acquire a relevant interest in such tenements (and other tenements acquired within a 20km radius), Guide Resources is entitled to receive a minimum fee of \$10,000 relating to each tenement. Furthermore, Guide Resources would be entitled to conduct exploration on each relevant tenement for all minerals other than uranium, gold and silver. If production commences from gold, silver or uranium on a relevant tenement, Guide Resources is entitled to a royalty of \$2.50 per wet tonne.

The Company acquired the iron ore rights of a number of exploration licences during the year from Guide during the year. As part of the terms of the acquisition contract, Guide was entitled to a 20% royalty on any iron sales from these tenements.

NOTE 22: 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 2015

NOTE 23: STATEMENT OF CASH FLOWS

	<u>30 June 2015</u>	<u>30 June 2014</u>
	\$	\$
a. Reconciliation of the net loss after income tax to net cash flows from operating activities		
Net loss for the year	(5,910,190)	(3,102,505)
Non-cash Items		
Depreciation expense	74,796	65,341
Share based payments	929,324	433,065
Provision for impairment charge	1,200,000	-
Profit on sale of shares	-	(399,319)
Changes in assets and liabilities		
(Increase)/decrease in debtors/receivables	3,006,937	(2,730,452)
(Increase)/decrease in Other Assets	64,332	(189,609)
(Increase)/decrease in Exploration and evaluation Assets	(100,000)	-
(Increase)/decrease in Financial Assets	32,000	180,000
Increase/(decrease) in trade creditors and accruals	134,849	479,308
Increase/(decrease) in Hire Purchase liability	(16,331)	55,705
Increase/(decrease) in provisions	7,192	24,724
Cash outflows from operations	<u>(577,091)</u>	<u>(5,183,742)</u>

During the year, non-cash share based payments amounted to \$929,324. For further information refer to Note 28.

b. Reconciliation of cash and equivalents

Cash and equivalents comprise		
- cash at bank and in hand	<u>39,537</u>	<u>339,807</u>

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

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

NOTE 24: KEY MANAGEMENT PERSONNEL DISCLOSURES

	<u>30 June 2015</u>	<u>30 June 2014</u>
	\$	\$
(a) Compensation of key management personnel by category		
Short-term employee benefits	900,474	1,148,316
Post employment benefits	57,339	53,931
Share-based payment	20,000	-
	<u>977,813</u>	<u>1,202,247</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.

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 25: RELATED PARTY TRANSACTIONS

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

2015

- In 2015, an aggregate amount of \$60,000 was paid or due and payable to MCAS Pty Ltd, ("Mining Corporate") and M.Y. Body this amount represented Directors Fees payable to Mr Hunter in his capacity as Non-Executive Director. Mr Hunter has an interest in MCAS and M.Y Body. An amount of \$30,044 remains owing as at 30 June 2015.
- In 2015, an aggregate amount of \$380,080 was paid or due and payable to Denarda Holdings Pty Ltd ("Denarda"), a company in which John Douth (father of Justin Douth) has a beneficial interest. Denarda is in the business of providing drilling services to mining companies and these services were provided to this Company at commercial rates. An amount of \$200,277 remains as a prepayment for future drilling as at 30 June 2015.
- In 2015, an aggregate amount of \$383,420 was expensed by the Company in relation to services provided by Namija Pty Ltd ("Namija"), a company which John Douth (father of Justin Douth) is a consultant. Services performed by Namija during the year include consulting and fees in relation to business strategy, financing and indigenous affairs support at commercial rates. An amount of \$170,017 remains owing as at 30 June 2015.
- In 2015, the Company had a \$100,000 fully refundable deposit with Guide Resources Pty Ltd, to carry out due diligence on three tenements – E28/2730, E28/2731 and E25/454 located in the Cowarna Rocks area. Mr. James Passaris is a director of Guide Resources Pty Ltd. During the year the Company agreed to acquire these tenements for \$100,000. No further payment was made to Guide during the year.
- In 2015, three short-term loans totalling \$48,519 (tranche 1), \$30,000 (tranche 2) and \$8,000 (tranche 3) were advanced to the Company by Samantha Douth (wife of Justin Douth). These loans have subsequently been repaid, with tranche 3 repaid during the period. Finance charges included in tranche 1 and tranche 3 was interest on advances at 20% per month, and as well as 1,000,000 shares for tranche 1 and 800,000 shares for tranche 3. There was no interest incurred on the second tranche advance.
- In June 2015, the Company received two short-term loans from Jacob Douth (\$3,500) and Aneles Consulting Services Pty Ltd (\$3,157), a company related to James Passaris. Both of these loans attracted an interest rate of 10% per month and have been repaid subsequent to the end of the financial year.

2014

- In 2014, an aggregate amount of \$55,000 was paid or due and payable to Guide Resources Pty Ltd, these payments related to Options over several mining tenements covered by a Tenement Sourcing Agreement. Mr. James Passaris is a director of Guide Resources Pty Ltd. In addition to these payments, the Company made a \$100,000 fully refundable deposit to Guide to carry out due diligence on three tenements E28/2370, E28/2371 and E25/454 all located in the Cowarna Rocks area, to acquire the marketing of iron ore rights on these tenements. Additionally, the Company acquired the Marketing Rights to iron ore over the Cowarna Rocks tenement (E28/2238) for \$400,000 (cash) and 5 million shares valued at \$800,000 from Guide Resources Pty Ltd. In June 2014, an independent valuation of the Cowarna Rocks tenement was prepared by an Independent Geologist, Al Maynard & Associates and valued the Cowarna Rocks tenement between \$0.8 million and \$1.4 million.
- In 2014, an aggregate amount of \$985,919 was paid or due and payable to Denarda Holdings Pty Ltd ("Denarda"), a company in which John Douth has a beneficial interest. Denarda is in the business of providing drilling services to mining companies and these services were provided to this Company at commercial rates. An amount of \$264,609 remains as a prepayment as at 30 June 2014.
- In 2014, an aggregate amount of \$381,969 was expensed by the Company in relation to services provided by Namija Holdings Pty Ltd ("Namija"), a company which John Douth (father of Justin Douth) is a consultant. Services performed by Namija during the year include consulting and fees in relation to business strategy, financing and indigenous affairs support at commercial rates. An amount of \$9,038 remains owing as at 30 June 2014.
- In 2014, an aggregate amount of \$39,394 was paid or due and payable to Mining Corporate Pty Ltd, ("Mining Corporate") of this amount \$7,532 related to the provision of corporate advisory services, and corporate secretarial services while Mr. Kent Hunter, acted as Company Secretary. The remaining \$31,862 related to Directors Fees payable to Mr Hunter in his capacity as Non-Executive Director. Mr Hunter has an interest in Mining Corporate Pty Ltd.
- In the financial year ended 30 June 2014, an aggregate amount of \$18,939 was paid, or due and payable to Alouisus Pty Ltd, a company related to Mr. Paul Lambrecht, this amount represented Directors' Fees for the five months that Mr Lambrecht was a Non-Executive Director of the Company. Mr Lambrecht resigned as a Non-Executive Director with effect from 29 November 2013.

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 26: 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. 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 and the Company's financial instruments are as follows:

	30 June 2015	30 June 2014
	\$	\$
Financial assets		
Cash and cash equivalents	39,537	339,807
Trade and other receivables	47,877	3,054,814
	<u>87,414</u>	<u>3,394,621</u>
Financial liabilities		
Trade and other payables	1,661,619	1,342,567
Borrowings	991,948	961,851
	<u>2,653,567</u>	<u>2,304,418</u>

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

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

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

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 26: FINANCIAL RISK MANAGEMENT AND POLICIES (continued)

(a) Market risk

(i) Foreign exchange risk

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

(ii) Cash flow and interest rate risk

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

(b) Credit risk

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

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

The maximum exposure to credit risk at reporting date is the carrying amount of the trade and other receivables as summarised at the start of Note 26. 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 2015	30 June 2014
	\$	\$
Cash and cash equivalents		
AA S&P rating	39,537	339,807
Trade and Other receivables	47,877	3,054,814
Unsecured		

(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 Company completed a private placement during the last financial year as well as receiving Research & Development Rebates for 2012/13 (\$966,230) and 2013/14 (\$1,863,968).

The Company will apply for a Research & Development rebate for 2014/15 financial year and raise further capital. The Company will have adequate funding for its operations for the next twelve months.

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

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

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 26: FINANCIAL RISK MANAGEMENT AND POLICIES (continued)

Year ended 30 June 2015	<1 year	1 - 5 Years	Over 5 Years	Total contractual cashflows	Weighted average effective interest rate %
Financial Assets:					
Cash and Cash equivalents	39,537	-	-	39,537	-
Trade and other Receivables	47,877	-	-	47,877	-
	<u>87,414</u>	<u>-</u>	<u>-</u>	<u>87,414</u>	
Financial Liabilities:					
Trade and other payables	1,661,619	-	-	1,661,619	-
Hire purchase liabilities	23,066	92,575	-	115,641	5.3
Borrowings	876,307	-	-	876,307	100.0
	<u>2,560,992</u>	<u>92,575</u>	<u>-</u>	<u>2,653,567</u>	
Year ended 30 June 2014					
	<1 year	1 - 5 Years	Over 5 Years	Total contractual cashflows	Weighted average effective interest rate %
Financial Assets:					
Cash and Cash equivalents	339,807			339,807	2.5
Trade and other Receivables	3,054,814			3,054,814	-
	<u>3,394,621</u>	<u>-</u>	<u>-</u>	<u>3,394,621</u>	
Financial Liabilities:					
Trade and other payables	1,342,567			1,342,567	-
Hire purchase liabilities	23,066	108,905	-	131,971	5.3
Borrowings	829,610	-	-	829,610	105.2
	<u>2,195,243</u>	<u>108,905</u>	<u>-</u>	<u>2,304,148</u>	

(d) Fair value estimation

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

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

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

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

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 26: FINANCIAL RISK MANAGEMENT AND POLICIES (continued)

(e) Capital risk

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

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

During 2015, the Company's strategy, which remains unchanged from 2013 and 2014, borrowed funds on a short-term basis to assist in its exploration activities. The company's equity management is determined by funds required to undertake its research & development activities and meet its corporate and other costs.

NOTE 27: SUBSEQUENT EVENTS

There have been no matters or circumstances that have arisen since 30 June 2015 that have or may significantly affect the operations, results, or state of affairs of the Company in future financial years other than:

On 26 August 2015, the Company received the proceeds from a Convertible Note issue of \$1m to Mdivest Pty Ltd, a company related to Marlene Douth (mother of Justin Douth). Under the terms of the Convertible Note ("CN") the face value of the CN can be converted into shares at any time during a 12-month period at an exercise price of \$0.03 per share. Interest on the CN is charged at 17.5% per annum.

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 28: SHARE BASED PAYMENTS

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

Name	Grant Date	Vesting Date	Number of shares	Total Value	Expense
Greywood Holdings Pty Ltd	9 July 2014	9 July 2014	333,333	\$11,667	Financing
Neil Le Febvre	17 July 2014	17 July 2014	163,000	\$5,228	Marketing
Greywood Holdings Pty Ltd	17 July 2014	17 July 2014	2,000,000	\$79,424	Financing
Kimberley Paul Douth	17 July 2014	17 July 2014	375,000	\$10,909	Exploration
Jett Holdings Pty Ltd	15 August 2014	15 August 2014	1,818,181	\$60,000	Exploration
Malcolm Douth	15 August 2014	15 August 2014	138,913	\$5,695	Exploration
Namija Pty Ltd	15 August 2014	15 August 2014	904,761	\$38,000	Exploration
GEM Geophysics Pty Ltd	18 August 2014	18 August 2014	100,000	\$4,400	Exploration
Kerry and Ian Holman	20 August 2014	19 August 2014	83,228	\$2,913	Exploration
Aneles Consulting Services Pty Ltd	20 August 2014	20 August 2014	333,333	\$10,000	Financing
Tarwarri Holdings Pty Ltd	7 October 2014	7 October 2014	3,000,000	\$90,000	Financing
Greywood Holdings Pty Ltd	7 October 2014	7 October 2014	1,000,000	\$32,000	Financing
Kimberly Paul Douth	15 October 2014	15 October 2014	91,080	\$1,821	Exploration
Foskin Pty Ltd	16 October 2014	16 October 2014	3,000,000	\$66,000	Financing
Ken Allen	16 October 2014	16 October 2014	4,739,400	\$142,182	Payment of Creditor
Aneles Consulting Services Pty Ltd	17 October 2014	17 October 2014	165,000	\$3,795	Financing
Jacob Douth	17 October 2014	17 October 2014	165,000	\$3,795	Financing
Aneles Consulting	4 November 2014	4 November 2014	165,000	\$4,950	Financing
Greywood Holdings Pty Ltd	4 November 2014	4 November 2014	750,000	\$17,250	Financing
Greywood Holdings Pty Ltd	15 December 2014	15 December 2014	1,000,000	\$18,000	Financing
Aneles Consulting	16 February 2015	16 February 2015	800,000	\$12,000	Financing
CTRC Pty Ltd	16 February 2015	16 February 2015	1,000,000	\$15,000	Financing
Foskin Pty Ltd	16 February 2015	16 February 2015	2,000,000	\$30,000	Financing
Samantha Douth	16 February 2015	16 February 2015	800,000	\$12,000	Financing
Namija Pty Ltd	17 February 2015	17 February 2015	8,333,333	\$100,000	Exploration
CTRC Pty Ltd	14 March 2015	14 March 2015	3,000,000	\$42,000	Financing
Jie Yang Consulting	14 March 2015	14 March 2015	192,308	\$2,500	Exploration
Malcolm Douth	20 March 2015	20 March 2015	640,000	\$6,400	Exploration
Gary Douth	20 March 2015	20 March 2015	360,100	\$3,601	Exploration
Ozkan Pasli	20 March 2015	20 March 2015	193,100	\$1,931	Exploration
Martin Purnell	15 April 2015	15 April 2015	386,300	\$3,863	Exploration
Foskin Pty Ltd	15 April 2015	15 April 2015	3,000,000	\$33,000	Financing
Greywood Holdings Pty Ltd	15 April 2015	15 April 2015	3,000,000	\$33,000	Financing
Jacob Douth	15 April /2015	15 April 2015	2,000,000	\$20,000	Employee benefits
Samantha Douth	18 June 2015	18 June 2015	1,000,000,	\$6,000	Financing
			<u>47,030,370</u>	<u>\$929,324</u>	

NOTE 29: AUDITORS REMUNERATION

	30 June 2015 \$	30 June 2014 \$
Auditors remuneration	44,142	30,909
Other services	-	-
	<u>44,142</u>	<u>30,909</u>

NOTE 30: COMPANY DETAILS

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

CLASSIC MINERALS LIMITED

ASX INFORMATION

ASX INFORMATION

AS AT 7 OCTOBER 2015

The following additional information is required by the ASX Limited in respect of listed public companies and was applicable at 7 October 2015.

1. Shareholding

a. Distribution of Shareholders	Number	
	Shareholders	Ordinary Shares
Category (size of holding)		
1 – 1,000	18	737
1,001 – 5,000	5	21,704
5,001 – 10,000	130	1,289,538
10,001 – 100,000	355	17,299,984
100,001 – and over	307	288,678,502
	<u>815</u>	<u>307,270,465</u>

b. The number of shareholdings held in less than marketable parcels is 527 shareholders amounting to 20,717,836 shares.

c. As at 7 October 2015 there are no restricted shares

d. The names of substantial shareholders listed in the company's register as at 7 October 2015 are:

Shareholder	Ordinary Shares	%Held of Total Ordinary Shares
Sheldon Coates & Harvey Coates <Sheldon Coates S/F Acc>	16,875,000	5.492

e. Voting Rights

The voting rights attached to the ordinary shares are as follows:

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

CLASSIC MINERALS LIMITED

ASX INFORMATION

20 Largest Shareholders as at 7 October 2015 — Ordinary Shares

		Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1	MR SHELDON PHILIP COATES & MR HARVEY LARRY CHARLES COATES <SHELDON COATES S/F A/C>	16,875,000	5.492
2	GURINDJI PTY LTD <GURINDJI A/C>	11,479,999	3.736
3	VIKING EQUITIES PTY LIMITED	9,999,526	3.254
4	MR DOMINIC VIRGARA	8,350,000	2.717
5	NAMIJA PTY LTD	7,972,053	2.594
6	FOSKIN PTY LTD	6,457,000	2.101
7	KENNETH ALLEN	5,039,400	1.64
8	GREYWOOD HOLDINGS PTY LTD	5,000,000	1.627
9	ROBERT FLOREANI & YVONNE FLOREANI <ROCHESTER CHAMBERS PL SF A/C>	4,600,000	1.497
10	CONRAY MICHAEL PASSARIS <PASSARIS FAMILY A/C>	4,141,766	1.348
11	TARWARRI HOLDINGS PTY LTD <ANDREW BURALLI FAMILY A/C>	4,102,782	1.335
12	ADAVEN PTY LTD <THE NEVADA A/C>	4,000,000	1.302
13	ETHERTON INTERNATIONAL LTD	3,500,000	1.139
14	MR ISSA BOULOS	3,499,893	1.139
16	MR NATHAN BENJAMIN MANNING <THE MANNING FAMILY A/C>	3,373,333	1.098
17	MORELSHY PTY LTD <MORELSHY A/C>	3,000,008	0.976
18	ROCKCOM PTY LTD <ROCKCOM A/C>	3,000,008	0.976
19	ADAVEN PTY LTD <THE NEVADA A/C>	3,000,000	0.976
20	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	3,000,000	0.976
	TOTAL	113,860,768	37.056

- The name of the company secretary is Jeffrey Nurse.
- The address of the principal registered office in Australia is: 71 Furniss Road, Landsdale, WA, 6065.
- Registers of securities are held at the following address:
Advanced Share Registry Limited, 110 Stirling Hwy, Nedlands WA 6009

CLASSIC MINERALS LIMITED

ASX INFORMATION

5. Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the ASX Limited.

6. Unquoted Securities

The Company has the following unquoted securities as at 7 October 2015

13,591,667 \$0.10 Options (unlisted) exercisable on or before 31 December 2015

7. The Options series (ASX Code: CLZO) expired on 30 June 2015

8. Use of Cash and Assets

The Company used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives stated in the company's replacement prospectus dated 1 March 2013.

SCHEDULE OF MINERAL TENEMENTS AS AT 7 OCTOBER 2015

<i>Project</i>	<i>Tenement</i>	<i>Interest held by Classic Minerals Limited</i>
Fraser Range	E28/1904	100%
Doherty's	M57/0619	100%
Cowarna Rocks	E28/2238	100%
Sawmill Dam	E28/2465	100%
Lake Penny	E27/0530	100%
Dingo Rock	E28/2455	100%
Jurangie Hill	E28/2370, E28/2371	100%