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CLASSIC MINERALS LIMITED

ACN: 119 484 016

ANNUAL REPORT
FOR THE YEAR ENDED
30 JUNE 2022

CLASSIC MINERALS LIMITED

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CLASSIC MINERALS LIMITED

CORPORATE DIRECTORY

DIRECTORS

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

COMPANY SECRETARY

Madhukar Bhalla

A.B.N.

77 119 484 016

PRINCIPAL OFFICE & REGISTERED OFFICE

71 Furniss Road
Landsdale, WA 6065

SHARE REGISTRY

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

AUDITORS

Elderton Audit Pty Ltd
Level 2, 267 St George Tce
Perth, WA 6000

SECURITIES EXCHANGE LISTING

Australian Securities Exchange (ASX: CLZ)

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CLASSIC MINERALS LIMITED

DIRECTORS' REPORT

In order to comply with the provisions of the Corporations Act 2001, the Directors of Classic Minerals Limited submit herewith the financial report and the directors report for the financial year ended 30 June 2022.

Directors

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

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

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

Company Secretary

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

Madhukar Bhalla

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

Current Directors' qualifications and experience

John Lester (Non-executive Chairman)

Age: 80 years old

Qualifications and Experience

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

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

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

Shareholdings as at the date of this report:

518,846 ordinary shares (post-consolidation basis)
350,673 options (post-consolidation basis)
1,200,000 performance rights Class B (post-consolidation basis)

CLASSIC MINERALS LIMITED

DIRECTORS' REPORT

Frederick Salkanovic (Non-Executive Director)

Age: 77 years old

Qualifications and Experience

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

Shareholdings as at the date of this report:

379,166 ordinary shares (post-consolidation basis)
284,374 options (post-consolidation basis)
400,000 performance rights Class B (post-consolidation basis)

Lu Ning Yi (Non-Executive Director)

Age: 68 years old

Qualifications and Experience

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

Shareholdings as at the date of this report:

475,289 ordinary shares (post-consolidation basis)
356,466 options (post-consolidation basis)
400,000 performance rights Class B (post-consolidation basis)

Stephen John O'Grady (Non-Executive Director)

Age: 60 years old

Qualifications and Experience

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

Shareholdings as at the date of this report:

400,000 performance rights Class B (post-consolidation basis)

CLASSIC MINERALS LIMITED

DIRECTORS' REPORT

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

Age: 52 years old

Qualifications and Experience

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

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

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

Shareholdings as at the date of this report: 400,000 performance rights Class B (post-consolidation basis)

Meetings of directors

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

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

Director	Board of Directors	
	Meetings Attended	Number Eligible to Attend
John Lester	15	15
Lu Ning Yi	15	15
Frederick Salkanovic	15	15
Stephen John O'Grady	15	15
Gillian Catherine King	15	15

The Company agreed that in order to reduce costs of directors travelling to Perth to attend board meetings that most of the decisions would be discussed and reduced to Circular Resolutions. During the year ended 30 June 2022 there were 15 Circular Resolutions that were passed unanimously by all Directors.

Principal activities

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

Operating results

The loss of the Company for the year ended 30 June 2022 amounted to \$14,154,948 (2021: loss of \$13,713,932).

Dividends

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

CLASSIC MINERALS LIMITED

DIRECTORS' REPORT

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

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

Date of exercise	Number of shares issued	Amount paid for the shares
21/07/2021	23,000	\$69
03/12/2021	16,666	\$50
03/12/2021	62,500	\$188
29/06/2022	250,000	\$750
01/09/2022*	283,189,800	\$94,397

* Using pre-consolidation basis (1,887,932 shares on post-consolidation basis).

Unissued shares under option and performance rights

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

Date of options granted	Number of shares under option*	Exercise price of option*	Expiry date of option
03/02/2021	4,218,195,883	\$0.0030	03/02/2024
10/02/2021	18,000,000	\$0.0030	03/02/2024
10/02/2021	18,000,000	\$0.0030	03/02/2024
10/05/2021	18,000,000	\$0.0030	03/02/2024
10/05/2021	18,000,000	\$0.0030	03/02/2024
17/06/2021	400,000,000	\$0.0030	03/02/2024
24/06/2021	21,000,000	\$0.0030	03/02/2024
24/06/2021	9,000,000	\$0.0030	03/02/2024
24/09/2021	21,000,000	\$0.0030	03/02/2024
24/09/2021	9,000,000	\$0.0030	03/02/2024
22/03/2022	492,426,471	\$0.0030	03/02/2024
01/04/2022	88,235,294	\$0.0030	03/02/2024
26/08/2022	1,359,708,750	\$0.0012	01/06/2025
26/08/2022	750,000,000	\$0.0030	03/02/2024
02/09/2022	141,603,600	\$0.0007	01/06/2025
13/09/2022	12,539,063,700	\$0.0012	01/06/2025
TOTAL	20,121,233,698		

* Using pre-consolidation basis for options issued from 8 July 2022 onwards.

At the date of this report, unissued ordinary shares or interests of the Company under Performance rights are 1,400,000,000 (9,333,333 shares on post-consolidation basis).

CLASSIC MINERALS LIMITED

DIRECTORS' REPORT

Review of operations

In the 2021/22 reporting year, the following milestones were achieved:

- The Company received formal approvals from DMIRS enabling it to commence clearing for its mining operations at Kat Gap;
- Completed a 49,000t bulk sample mining operation;
- The Company mined 6,504 tonnes of ore for 1,011 ounces of gold from its bulk sampling operation;
- Substantial quantities of water have been discovered in its first test well at Kat Gap;
- Metallurgical studies reveal high recoveries of gravity gold at Kat Gap;
- Conducted further RC drilling at both Lady Ada and Lady Magdalene;

In the year, a total of 3,359m of RC drilling was completed across the Company's projects:

- Kat Gap 11 RC holes for 1,940m and
- Lady Ada and Lady Magdalene 13 RC holes for 1,419m

About Forrestania Gold Project and Kat Gap Gold Project

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

Classic Minerals owns a 100% interest in the gold rights on the Kat Gap Tenements and non-gold rights including but not limited to nickel and other metals. Classic no longer has the rights to Lithium on the Kat Gap tenements pursuant to the agreement with Tribitrag Holdings Pty Ltd, as per ASX announcement of 16 Feb 2022.

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

Classic has been working heavily on the 100% owned Kat Gap tenements about 50 km to the Southeast of the Ladies as it brings the project closer to production. It has received formal approvals from DMIRS to commence clearing in readiness for upcoming mining activities. It recently completed a 49,000t bulk sampling operation at Kat Gap with the aim of gathering important geological, engineering and metallurgical data prior to final open pit design work.

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

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

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

Notes:

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

DIRECTORS' REPORT

Review of operations (continued)

1. Kat Gap Gold Project

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

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

The Company made applications to DMIRS for the proposed Kat Gap mine development footprint. These applications include the Native Vegetation Clearing Permit and the Mining Proposal including mine closure plan. The Company received formal approvals from DMIRS to commence the clearing of the mine development footprint during the reporting period. The Native vegetation Clearing Permit was granted on 14 Feb 2022 and the approval of the Project Management Plan was announced on 12 September 2022.

Classic completed a program of deep RC drilling which was completed in July 2021. The drilling program consisted of 11 deep holes for 1,940m. The 11-hole deep RC drilling program (FKGRC379-389) covered an area approximately 60-140m along strike to the north of the Proterozoic dyke. The holes were focused on testing the along strike and down dip extent of high-grade gold at Kat Gap. The holes were drilled now to make the way clear for future surface mine infrastructure. Holes were drilled to an average depth of 150m below surface and were drilled on 20m x 20m and 20m x 40m grid spacings.

The drilling intersected several zones of high-grade gold mineralisation down plunge and along strike from previous high-grade results. Most of the deep drilling was focused on the northern extremities of the known deeper gold mineralisation looking for extensions. Much of the drilling intersected relatively narrow zones of low-grade gold suggesting the plunge component of the high-grade gold zone is potentially steeper than anticipated. RC holes FKGRC387 and FKGRC388, which returned high grade intercepts, were drilled further south closest to the Proterozoic dyke than the other holes drilled in this program, indicating a steeper plunge. Further deep drilling down dip/plunge is required closer to the Proterozoic dyke to test this new theory.

Better results from the deep holes include:

- 5m @ 3.47g/t Au from 155m in FKGRC383.
- 1m @ 8.68g/t Au from 103m in FKGRC385.
- 3m @ 15.66g/t Au from 151m including 1m @ 41.60g/t Au from 152m in FKGRC387.
- 6m @ 8.94g/t Au from 142m including 1m @ 44.43g/t Au from 146m in FKGRC388.
- 1m @ 6.52g/t Au from 171m in FKGRC388.
- 2m @ 4.87g/t Au from 145m in FKGRC389.

The Company completed a bulk sample mining operation in May 2022. The bulk sample produced 6,504 tonnes of gold bearing ore at an average grade of 4.82 g/t for a total of 1,011 ounces of contained gold. The pit was forecast to produce between 5,000 to 7,000 tonnes of ore at a grade of around 5 g/t. Total production of waste and ore combined came in at 48,970 tonnes. The ore zone, which came within 6m of the surface, was mined down to a vertical depth of 15m. The average width of the ore was around 5m and was mined over a strike length of 50m. The oxide ore consisted mainly of quartz veining and biotite alteration hosted entirely in the granite. The ore was easily distinguished from the waste material during mining mainly due to the alteration. The ore was mined in 2m thick layers or flitches. Each flitch had an assigned grade and tonnage from the resource block model supplied by independent resource consultants Cadre Geology and Mining Pty Ltd. The overall grade for the ore mined was calculated using the weighted average grade for each flitch. Basic specific gravity measurements were taken of the ore and waste material to aid in tonnage calculations. Final metallurgical testwork on oxide samples from the bulk sample are underway together with geological and engineering studies based on observations taken from the pit. These observations will assist in final pit design work.

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

DIRECTORS' REPORT

Review of operations (continued)

2. Lady Magdalene and Lady Ada

The Company completed a small RC drilling program in the Forrestania area consisting of 13 holes for 1,419m. The drilling program was designed to twin existing historical holes at Lady Ada and Lady Magdalene to gain more confidence in the integrity of the historical assay data.

Lady Ada RC drilling

Five RC drill holes (MARC076-080) for a total of 644m were drilled at Lady Ada in a concentrated area SE of the existing Lady Ada open pit back in November. The program was designed to twin existing historical RC holes to compare assay data from old to new. The results will give the Company confidence in the old assay data prior to an update on the mineral resources at Forrestania. Holes were drilled to an average depth of 150m below surface.

The drilling intersected multiple zones of gold mineralisation confirmed by panning dish adjacent to previous high-grade results. All the recent deep RC drilling was focused on drilling right up against historical RC holes that had previously returned very high-grade gold intercepts.

Better results from the Lady Ada drilling include:

- 7m @ 5.42g/t Au from 44m including 1m @ 22.10g/t Au from 48m in MARC076.
- 2m @ 7.75g/t Au from 118m including 1m @ 14.30g/t Au from 119m in MARC078.
- 5m @ 27.76g/t Au from 101m including 1m @ 74.80g/t Au from 104m in MARC079.
- 2m @ 14.27g/t Au from 110m including 1m @ 23.90g/t Au from 111m in MARC080.

Lady Magdalene RC drilling

Eight RC holes (MARC081-088) for a total of 775m were completed at Lady Magdalene. The holes were scattered throughout the existing JORC resource area focused on twinning existing historical RC holes drilled back in the late eighties early nineties. The new RC holes will allow the Company to compare the old assay results with the new assay data prior to an update on the mineral resources at Forrestania. Holes were drilled to an average depth of 100m. Better results from Lady Magdalene drilling include:

- 13m @ 1.22g/t Au from 55m in MARC081.
- 6m @ 2.90g/t Au from 37m in MARC082.
- 8m @ 3.30g/t Au from 28m in MARC084.
- 24m @ 1.20g/t Au from 43m in MARC084.
- 7m @ 1.34g/t Au from 48m in MARC085.
- 16m @ 1.79g/t Au from 60m in MARC085.
- 7m @ 1.55g/t Au from 69m in MARC086.
- 5m @ 2.02g/t Au from 93m in MARC087.
- 6m @ 1.86g/t Au from 45m in MARC088.

3. Fraser Range Project

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

During the financial year 2021-2022, IGO completed field-based exploration activities on the project which led to IGO complying with the First-Earn-In part of the Agreement. IGO paid the Company \$550,000 (incl. GST) to earn a 51% interest in the tenements. Subsequent to receiving the payment, the 51% interest in the tenements was transferred to IGO.

CLASSIC MINERALS LIMITED

DIRECTORS' REPORT

Review of operations (continued)

Significant changes in state of affairs

There were no significant changes other than reported in the state of affairs of the Company during the year ended 30 June 2022.

Subsequent events

The Company extended repayment date of \$250,000 loan from Greywood Holding Pty Ltd which was due on 3 July 2022. The latest extension loan is payable on 3 September 2022. Furthermore, the loan was repaid on 23 September 2022.

The Company extended repayment date of \$300,000 loan from CTRC Pty Ltd which was due on 4 July 2022. The latest extension loan is payable on 4 October 2022.

The Company extended repayment date of \$180,000 loan from Greywood Holding Pty Ltd which was due on 12 July 2022. The latest extension loan is payable on 12 November 2022.

The Company extended repayment date of \$300,000 loan from Gold Processing Equipment Pty Ltd which was due on 20 July 2022. The latest extension loan is payable on 20 November 2022.

The Company extended repayment date of \$200,000 loan from Greywood Holding Pty Ltd which was due on 25 July 2022. The latest extension loan is payable on 25 September 2022. Further extension is in process.

The Company extended repayment date of \$500,000 loan from CTRC Pty Ltd which was due on 25 July 2022. The latest extension loan is payable on 26 September 2022. Further extension is in process.

The Company extended repayment date of \$360,000 loan from Foskin Pty Ltd which was due on 29 July 2022. The latest extension loan is payable on 29 September 2022.

The Company extended repayment date of \$500,000 loan from Greywood Holding Pty Ltd which was due on 3 August 2022. The latest extension loan is payable on 3 October 2022.

The Company extended repayment date of \$250,000 loan from CTRC Pty Ltd which was due on 18 August 2022. The latest extension loan is payable on 18 October 2022.

The Company extended repayment date of \$250,000 loan from CTRC Pty Ltd which was due on 26 August 2022. The latest extension loan is payable on 26 October 2022.

The Company extended repayment date of \$700,000 loan from Klip Pty Ltd which was due on 24 September 2022. The loan was extended for further 3 months.

The Company extended repayment date of \$300,000 loan from Rotherwood Pty Ltd which was due on 24 September 2022. The loan was extended for further 3 months.

The General Meeting held on 8 July 2022 resolved the shares of the Company to be consolidated through conversion of every one hundred and fifty (150) shares held by a shareholder into one (1) share. The effective date of consolidation is 8 July 2022 and the effect on the capital structure of the Company of the consolidation is shown in the table below.

Securities	Pre-Consolidation	Post-Consolidation
Shares on issue	31,024,646,554	206,830,978
Options on issue	5,330,875,648	35,539,051
Performance Rights on issue	1,400,000,000	9,333,333

DIRECTORS' REPORT

Review of operations (continued)

On 11 July 2022, the Company issued convertible notes, each with a face value of \$25,000, to raise up to \$4.0 million funds. The convertible note is convertible into ordinary shares in the Company at any time up to 18 months after the issue of the convertible note; any convertible note not converted by that date will be redeemed. The conversion price is \$0.075 per share (on a post-consolidation basis) or 20% discount to 15-day VWAP, whichever is lower. Noteholders converting convertible notes will also be entitled to one (1) free attaching option for every two (2) shares issued on conversion, exercisable at \$0.18 (on a post-consolidation basis) on before 1 June 2025. As at the date of this report, the Company has issued 185,316,954 shares and 92,658,483 options as conversion of the convertible notes.

The Company made announcement and issued Prospectus dated 15 July 2022 for Loyalty Offer and Piggyback Offer. The Loyalty Offer is a pro rata non-renounceable bonus issue of approximately 103 million options for nil consideration (loyalty options). Eligible shareholders will be issued one (1) loyalty option for every two (2) shares held by them at 5.00pm WST on 27 July 2022 (loyalty options record date). Loyalty options have an exercise price of \$0.05 and expiry date of 25 August 2022. The Piggyback Offer involves the issue of free-attaching options on the basis of one piggyback option for every two (2) shares issued to subscribers on exercise of loyalty options (piggyback options). Piggyback options have an exercise price of \$0.10 and expiry date of 1 June 2025. In relation to this offer, the Company issued 1,887,932 new shares on 1 September 2022 and the related 944,024 piggyback options on 2 September 2022.

On 9 September 2022, the Company announced that it had entered into a binding terms sheet with Goldvalley Brown Stone Pty Ltd (Goldvalley), pursuant to which Goldvalley, a member of Gold Valley group of companies, will provide funding for the Company's 100% owned Kat Gap gold project. Goldvalley will provide up to \$10 million in non-recourse funding for the extraction and processing of Kat Gap ore. The Company and Goldvalley will share the net profits from gold production on the basis 70% (the Company) and 30% (Goldvalley).

On 12 September 2022, the Company announced that it had received notification from the Department of Mines, Industry, Regulation and Safety (DMIRS) of an "Approval To Commence Extractive Mining Operation" for the Kat Gap gold mine project, following confirmation by DMIRS that the Project Management Plan (PMP) previously submitted by the Company satisfies the requirement under section 42 of the Mines Safety and Inspection Act 1994 (WA) and regulation 3.12 and 3.13 of the Mines Safety and Inspection Regulation 1995 (WA).

On 19 September 2022, the Company made announcement and issued Prospectus to undertake Entitlement Offer to raise up to \$3.65 million. The Company intends to undertake a partially underwritten, non-renounceable pro rata entitlement offer of one (1) new share for every two (2) shares held by eligible shareholders as at 23 September 2022 5.00pm WST, with one (1) free attaching options, exercisable at \$0.10 on or before 1 June 2025, to be issued for every two (2) new shares subscribed for under the offer.

There have been no other matters or circumstances that have arisen since 30 June 2022 that have or may significantly affect the operations, results, or state of affairs of the Company in future financial years.

Future developments

The Company will continue to explore its exploration areas and look to establish its exploration interest in prospective fields; while looking to commence mining operations at Kat Gap upon receiving notification from the Department of Mines, Industry, Regulation and Safety (DMIRS) of an "Approval To Commence Extractive Mining Operation" for the Kat Gap gold mine project.

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

Environmental regulation

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

Non-audit services

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

DIRECTORS' REPORT

Review of operations (continued)

Proceedings on behalf of the company

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

Corporate Governance Statement

The Corporate Governance Statement is available on Classic Minerals Limited's website at www.classicminerals.com.au/corpgov.php

Auditor's independence declaration

The auditor's independence declaration for the year ended 30 June 2022 has been received, forms part of the Director's Report, and can be found on page 17.

Indemnification of Officers

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

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

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

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 ("KMP") of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any Director.

The remuneration report is set out in the Table.

Principles used to determine the nature and amount of remuneration

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

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

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

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

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

(a) Details of key management personnel

(i) Directors

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

(ii) Senior Executives

Dean Goodwin

CLASSIC MINERALS LIMITED

DIRECTORS' REPORT

Details of Remuneration for Year Ended 30 June 2022 and 30 June 2021

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

	SHORT-TERM BENEFITS			POST EMPLOYMENT		SHARE-BASED PAYMENT		TOTAL	REPRESENTED BY EQUITY/OPTIONS %
	Salary	Other	Non-Monetary	Superannuation	Retirement Benefits	Equity	Performance rights	\$	
Directors									
John Lester (i)									
2022	60,000	130,000	-	-	-	-	31,340	221,340	14%
2021	60,000	235,000	-	-	-	-	-	295,000	-
Frederick Salkanovic (ii)									
2022	40,000	-	-	-	-	-	10,447	50,447	21%
2021	39,697	-	-	-	-	-	-	39,697	-
Lu Ning Yi (ii)									
2022	40,008	1,409	-	-	-	-	10,447	51,864	20%
2021	40,000	-	-	-	-	-	-	40,000	-
Stephen John O'Grady (iii)									
2022	39,993	-	-	-	-	-	10,447	50,440	21%
2021	39,993	3,240	-	-	-	-	-	43,233	-
Gillian Catherine King (iv)									
2022	39,996	5,500	-	-	-	-	10,447	55,943	19%
2021	6,666	4,000	-	-	-	-	-	10,666	-
Senior Executives									
Dean Goodwin (v)									
2022	360,000	276,740	75,000	-	-	-	66,003	777,743	8%
2021	300,000	855,941	-	-	-	-	-	1,155,941	-
Total Remuneration Key Management Personnel									
2022	579,997	413,649	75,000	-	-	-	139,131	1,207,777	12%
2021	486,356	1,098,181	-	-	-	-	-	1,584,537	-

- i) John Lester is entitled to non-executive chairman's fee of \$60,000 per annum effective 1 January 2019. A formal contract is also in place with John Lester amounting to \$100,000 per annum payable as retainer fees. Additional \$30,000 (2021: \$135,000) relates to additional consultancy services during the year.
- ii) Frederick Salkanovic and Lu Ning Yi are paid non-executive directors at \$40,000 per annum effective 1 January 2019.
- iii) Stephen John O'Grady is paid non-executive directors at \$40,000 per annum effective 9 June 2020.
- iv) Gillian Catherine King is paid non-executive directors at \$40,000 per annum effective 6 May 2021.
- v) Dean is remunerated on a success basis, at the company's discretion, to establish a JORC compliant resource estimate for the Forrestania Gold Project and the Kat Gap Project as per the contract dated 1 July 2019. By the agreed proposal dated 1 February 2021, Dean was paid \$30,000 (excluding GST) on a monthly basis, plus additional costs incurred as required for the provided services. For the year ended 30 June 2022, the other short-term benefits of Dean Goodwin included the payment of additional services and rental charges totalling \$276,740. For the year ended 30 June 2021, the other short-term benefits of Dean Goodwin included the payment of \$675,000 in relation with Forrestania Intellectual Properties.

Employment Details of Members of Key Management Personnel

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

CLASSIC MINERALS LIMITED

DIRECTORS' REPORT

Non-Executive Director Letter Agreements

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

Shareholdings of Key Management Personnel

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

	<i>Balance 1 July 2021</i>	<i>Received as remuneration</i>	<i>Net Change Other</i>	<i>Balance 30 June 2022</i>	<i>Balance 30 June 2022 Post-Consolidation</i>
John Lester	54,750,000	-	23,076,923	77,826,923	518,846
Frederick Salkanovic	56,875,000	-	-	56,875,000	379,166
Lu Ning Yi	71,293,415	-	-	71,293,415	475,289
Dean Goodwin	116,298,366	-	23,076,923	139,375,289	929,168
	299,216,781	-	46,153,846	345,370,627	2,302,469

Option holdings of Key Management Personnel

	<i>Balance 1 July 2021</i>	<i>Received as remuneration</i>	<i>Net Change Other</i>	<i>Balance 30 June 2022</i>	<i>Balance 30 June 2022 Post-Consolidation</i>
John Lester	13,687,500	-	38,913,450	52,600,950	350,673
Frederick Salkanovic	14,218,750	-	28,437,450	42,656,200	284,374
Lu Ning Yi	17,823,354	-	35,646,750	53,470,104	356,466
Dean Goodwin	15,840,000	-	82,922,100	98,762,100	658,414
	61,569,604	-	185,919,750	247,489,354	1,649,927

Performance Rights of Key Management Personnel

	<i>Balance 1 July 2021</i>	<i>Received as remuneration</i>	<i>Expired</i>	<i>Balance 30 June 2022</i>	<i>Balance 30 June 2022 Post-Consolidation</i>
John Lester	-	180,000,000	-	180,000,000	1,200,000
Frederick Salkanovic	-	60,000,000	-	60,000,000	400,000
Lu Ning Yi	-	60,000,000	-	60,000,000	400,000
Stephen John O'Grady	-	60,000,000	-	60,000,000	400,000
Gillian Catherine King	-	60,000,000	-	60,000,000	400,000
Dean Goodwin	-	360,000,000	-	360,000,000	2,400,000
	-	780,000,000	-	780,000,000	5,200,000

DIRECTORS' REPORT

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

2022

On 27 July 2021 the Company made a transfer of vehicle to Reliant Resources Pty Ltd for nil consideration, in accordance with the agreed proposal dated 1 February 2021 from Dean Goodwin, Consultant Geologist of Reliant Resources Pty Ltd. The transfer value is \$75,000.

The Board adopted a Performance Rights Plan, which was approved by shareholders, at the General Meeting of the Company held on 6 August 2021.

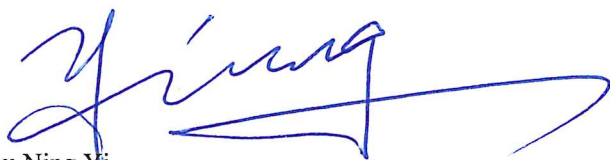
2021

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

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

END OF REMUNERATION REPORT

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



Lu Ning Yi
Non-executive Director

Date this 30th day of September 2022.

CLASSIC MINERALS LIMITED

DIRECTORS' DECLARATION

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

1. the financial statements and notes are in accordance with the Corporations Act 2001 and:
 - a. comply with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. give a true and fair view of the financial position of the Company as at 30 June 2022 and of the performance as represented by the results of its operations and its cashflows for the year ended on that date;
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. the financial statements and notes also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as disclosed in note 2.
4. this declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2022.

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



Lu Ning Yi
Non-executive Director

Date this 30th day of September 2022.

ELDERTON

AUDIT PTY LTD

Auditor's Independence Declaration

To those charged with governance of Classic Minerals Limited;

As auditor for the audit of Classic Minerals Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Elderton Audit Pty Ltd
Elderton Audit Pty Ltd



Rafay Nabeel
Director

Perth
30 September 2022

ELDERTON

AUDIT PTY LTD

Independent Auditor's Report to the members of Classic Minerals Limited

Opinion

We have audited the financial report of Classic Minerals Limited (the Company) which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- i) giving a true and fair view of the Company's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described as in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material uncertainty related to going concern

We draw attention to Note 2 to the financial report, which describes that the ability of the Company to continue as a going concern is dependent on successful mining and exploration, and further equity issues to the market. As a result, there is material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern, and therefore 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. Our opinion is not modified in respect of this matter.

Other matter

The financial statements of the Company as of 30 June 2021, were audited by another auditor whose report dated 29 October 2021, expressed an unqualified opinion on those statements.

Key Audit Matters

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

Exploration and evaluation expenditure

Refer to Note 10, Exploration and evaluation assets (\$2,739,000) and accounting policy Note 2(j).

Key Audit Matter

At 30 June 2022, the Company has capitalised exploration and evaluation expenditure of \$2.7million.

The Company has capitalised exploration and evaluation expenditure in line with AASB 6 *Exploration for and Evaluation of Mineral Resources*, which requires use of management's assumptions and key judgements regarding recoverability of capitalised costs. There is a risk that amounts are capitalised which no longer meet the recognition criteria of AASB 6.

We have considered it as key audit matter as the amount is significant to financial statements and it involves significant judgement.

How our audit addressed the matter

Our audit work included, but was not restricted to, the following:

- We obtained evidence that the Company has valid rights to explore in the areas represented by the capitalised exploration and evaluation expenditures by obtaining valid contracts giving the Company rights to explore, for a sample of capitalised exploration costs;
- We enquired with management and reviewed budgets to ensure that substantive expenditure on further exploration for and evaluation of the mineral resources in the Company's area of interest were planned;
- We enquired with management, reviewed announcements made and reviewed minutes of directors' meetings to ensure that the company had not decided to discontinue activities in any of its areas of interest;
- We agreed the terms of acquisition agreements and on a sample basis corroborated rights to tenure to government registries and relevant agreements as applicable; and
- We enquired with management to ensure that the Company had not decided to proceed with development of a specific area of interest, yet the carrying amount of the exploration and evaluation asset was unlikely to be recovered in full from successful development or sale.

Borrowings

Refer to Note 14, Advance for Convertible Notes (\$2,126,650) and Note 17, Borrowings (\$6,405,018)

Key Audit Matter

The Company has borrowings of around \$8.5 million as at 30th June 2022.

Borrowings are considered to be a key audit matter due to:

- The significance of the balances to the Company's financial position;
- Risks of misstatement associated with the rights and obligations of the Company in repaying the loans with cash, shares and options; and

How our audit addressed the matter

Our audit work included, but was not restricted to, the following:

- We reviewed the loan agreements to identify key terms and conditions;
- We ensured that shareholders' approvals were obtained for issuance of convertible notes and securities issued as consideration for the loans (borrowing fees). We cross-referred those to ASX announcements;
- We tested the mathematical accuracy of the interest expenses;

- Whether the loans have been accurately recorded at year end based on the terms of the loan agreements.
- We traced the repayment and receipt of loans to supporting documentation;
- We obtained confirmation of the balance at 30 June 2022 from a sample of key lenders; and
- We assessed the appropriateness of the disclosures included in the relevant notes to the financial statements.

Property, Plant and Equipment

Refer to Note 12, Plant and Equipment (\$6,485,023)

Key Audit Matter

As at 30 June 2022, the carrying value of property, plant and equipment is \$6.5 million. In accordance with AASB 136, the Company is required to do impairment assessment as its plant is not currently in use. The entity has engaged an external expert to assess recoverable amounts for property, plant and equipment.

Property plant and equipment are considered to be a key audit matter due to:

- The significance of the balances to the Company's financial position;
- The assessment of the recoverable amount involves key assumptions and requires significant judgment.

How our audit addressed the matter

Our audit work included, but was not restricted to, the following:

- We paid a site visit to verify the existence and conditions of the assets;
- We reviewed the valuation report prepared by expert in terms of experience and competence, appropriateness of valuation model and key assumptions;
- We reviewed management business plan against the intended use of the assets and related mining approvals; and
- We ensured that disclosures within the financial statements are accurate and that all estimates and judgements made by management are included therein.

The directors are responsible for the other information. The other information comprises the Review of Operations and Directors Report and other information included in the Company's annual report for the year ended 30 June 2022 but does not include the financial report and our auditor's report thereon.

The other information obtained at the date of this auditor's report is included in the annual report, (but does not include the financial report and our auditor's report thereon).

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

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

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

Responsibilities of Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of

accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 12 to 15 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Classic Minerals Limited for the year ended 30 June 2022, complies with section 300A of the Corporations Act 2001.

Responsibilities

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.

Elderton Audit Pty Ltd
Elderton Audit Pty Ltd



Rafay Nabeel
Director
Perth
30 September 2022

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CLASSIC MINERALS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the year ended 30 June 2022

	<i>Note</i>	30 June 2022	30 June 2021
		\$	\$
Research & development rebate	3	2,814,245	1,943,418
Other income	3	364,949	608,932
Employee benefits and consultants expense		(866,933)	(1,267,360)
Advertising and marketing expenses		(305,828)	(550,408)
Legal expenses & professional fees		(1,094,171)	(377,099)
Depreciation and amortisation expense	4	(395,734)	(268,947)
Amortisation of intangible assets		-	(250,000)
Exploration expenses		(10,000,072)	(7,926,144)
Financing charges		(2,934,413)	(1,617,450)
Travel expenses		(72,710)	(35,318)
Occupancy expenses		(45,581)	(96,748)
Impairment losses		-	(1,496,709)
Loss on asset disposal		(17,472)	(9,370)
Share based payment expense	18(a)	(523,157)	(1,446,852)
Administration expenses	4	(1,078,071)	(923,877)
Profit/(Loss) before income tax expense		(14,154,948)	(13,713,932)
Income tax expense	5	-	-
Profit/(Loss) for the year		(14,154,948)	(13,713,932)
Other comprehensive income, net of income tax		-	-
Total comprehensive loss for year		(14,154,948)	(13,713,932)
Basic and diluted (loss) per share (cents per share)	6	(7.79)	(13.19)

The accompanying notes form part of this financial report.

CLASSIC MINERALS LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

		30 June 2022 \$	30 June 2021 \$
	<i>Note</i>		
CURRENT ASSETS			
Cash and cash equivalents	7	420,980	2,249,206
Trade and other receivables	8	108,205	77,494
Other current assets	9	119,976	122,664
TOTAL CURRENT ASSETS		649,161	2,449,364
NON-CURRENT ASSETS			
Exploration and evaluation	10	2,739,000	2,910,000
Right of use assets	11	375,507	74,166
Plant and equipment	12	6,485,023	5,406,579
TOTAL NON-CURRENT ASSETS		9,599,530	8,390,745
TOTAL ASSETS		10,248,691	10,840,109
CURRENT LIABILITIES			
Trade and other payables	13	5,880,972	4,501,920
Advance for convertible notes	14	2,126,650	-
Provisions	15	114,802	121,328
Lease liability	16	94,023	59,851
Borrowings	17	6,405,018	5,966,908
TOTAL CURRENT LIABILITIES		14,621,465	10,650,007
NON-CURRENT LIABILITIES			
Lease liability	16	319,546	21,218
TOTAL CURRENT LIABILITIES		319,546	21,218
TOTAL LIABILITIES		14,941,011	10,671,225
NET ASSETS/(LIABILITIES)		(4,692,320)	168,884
EQUITY			
Issued capital	18	61,024,284	51,995,750
Reserves	18(a)	3,382,192	3,116,982
Accumulated losses		(69,098,796)	(54,943,848)
TOTAL EQUITY		(4,692,320)	168,884

The accompanying notes form part of this financial report.

CLASSIC MINERALS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

	<i>Issued Capital</i> \$	<i>Reserves</i> \$	<i>Accumulated Losses</i> \$	<i>Total Equity</i> \$
Balance at 30 June 2021	51,995,750	3,116,982	(54,943,848)	168,884
Loss for the year	-	-	(14,154,948)	(14,154,948)
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income/(Loss)	-	-	(14,154,948)	(14,154,948)
Transactions with owners recorded directly in equity				
Exercise of options	1,056	-	-	1,056
Share based payments	-	265,210	-	265,210
Shares to be issued	50,000	-	-	50,000
Shares issued (net of expenses) during the year	8,977,478	-	-	8,977,478
Balance at 30 June 2022	61,024,284	3,382,192	(69,098,796)	(4,692,320)
	<i>Issued Capital</i> \$	<i>Reserves</i> \$	<i>Accumulated Losses</i> \$	<i>Total Equity</i> \$
Balance at 30 June 2020	35,866,038	3,014,676	(41,229,916)	(2,349,202)
Loss for the year	-	-	(13,713,932)	(13,713,932)
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income/(Loss)	-	-	(13,713,932)	(13,713,932)
Transactions with owners recorded directly in equity				
Options issued	-	23,214	-	23,214
Exercise of options	80,686	-	-	80,686
Share based payments	-	79,092	-	79,092
Shares issued (net of expenses) during the year	16,049,026	-	-	16,049,026
Balance at 30 June 2021	51,995,750	3,116,982	(54,943,848)	168,884

The accompanying notes form part of this financial report.

CLASSIC MINERALS LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	Note	30 June 2022 \$	30 June 2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipt of Research & Development rebate		2,814,245	1,943,418
ATO Cash Flow Boost		-	93,188
Payments to suppliers and employees		(8,691,141)	(9,421,491)
Interest paid		(678,734)	(550,446)
Interest received		45	245
Net cash (outflows) from operating activities	22(a)	(6,555,585)	(7,935,086)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of intangible assets		-	(675,000)
Proceeds from sales of tenements		300,000	500,000
Proceeds from sales of fixed assets		-	106,000
Purchase of fixed assets		(1,105,460)	(3,754,694)
Purchase of prospects		(210,000)	(200,000)
Loans to other entity		-	(7,506)
Net cash (outflows) from investing activities		(1,015,460)	(4,031,200)
CASH FLOWS FROM FINANCING ACTIVITIES			
Share capital received		5,910,417	11,058,224
Proceed from convertible notes		2,126,650	-
Capital raising costs		(733,220)	(603,498)
Proceeds from options entitlement		938	80,736
Repayment of lease liability		(175,281)	(62,119)
Repayment of loans and related interest		(4,937,221)	(2,106,966)
Proceeds of short-term loans	17	3,780,789	5,130,254
Net cash inflows from financing activities		5,973,072	13,496,631
Net increase in cash held		(1,597,973)	1,530,345
Cash at bank at the beginning of the year		2,018,953	488,608
Cash at bank at the end of the year	22(b)	420,980	2,018,953

The accompanying notes form part of this financial report.

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1. Corporate Information

The financial report of Classic Minerals Limited (the Company) for the year ended 30 June 2022 was authorised for issue in accordance with a resolution of the directors on 30 September 2022.

2. Summary of Significant Accounting Policies

Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporation Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Going Concern

The accounts have been prepared on the going concern basis, which contemplates continuity of normal activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Company recognised a loss of \$14,154,948 for the year ended 30 June 2022 (2021: \$13,713,932).

The net working capital position of the Company at 30 June 2022 was a deficit of \$13,972,304 (2021: \$8,200,643). The Company has expenditure commitments relating to exploration expenditure obligations for their projects of \$652,894 which potentially could fall due in the twelve months to 30 June 2023.

As disclosed in note 17, the Company has shareholder loans owing as at 30 June 2022 which are payable on various dates in July – October 2022 amounting \$4,870,500 plus accrued interest of \$1,130,626. Directors are confident extensions can be obtained on the shareholders loans due within 1 year until the Company has capacity to repay the funds, as has been the case in prior periods.

As announced to the market on 7 June 2022, the Company entered into a Mandate with Still Capital Pty Ltd for a capital raising up to \$4,000,000 by way of a proposed issue of Convertible Notes. Shareholders' approval was obtained in the General Meeting held on 8 July 2022. The Company has raised \$4,000,000 from the issuance of Convertible Notes.

On 9 September 2022, the Company announced that it had entered into a binding terms sheet with Goldvalley Brown Stone Pty Ltd (Goldvalley), pursuant to which Goldvalley, a member of Gold Valley group of companies, will provide funding for the Company's 100% owned Kat Gap gold project. Goldvalley will provide up to \$10 million in non-recourse funding for the extraction and processing of Kat Gap ore. The Company and Goldvalley will share the net profits from gold production on the basis 70% (the Company) and 30% (Goldvalley).

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

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

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. Summary of Significant Accounting Policies (continued)

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

a) Cash and cash equivalents

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

b) Employee benefits

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

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

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

c) Recognition And Measurement – Financial Instruments

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

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

Classification and subsequent measurement

Financial assets

Financial assets are subsequently measured at:

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

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

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

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

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

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. Summary of Significant Accounting Policies (continued)

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

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

Financial liabilities

Financial liabilities are subsequently measured at:

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

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

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

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

Derecognition

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

Derecognition of financial assets

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

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

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

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

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

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

Derecognition of financial liabilities

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

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

Impairment

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

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. Summary of Significant Accounting Policies (continued)

Loss allowance is not recognised for:

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

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

Simplified approach

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

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

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

Recognition of expected credit losses in financial statements

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

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

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

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

d) Goods and services tax

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

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

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

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

e) Impairment of assets

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

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

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. Summary of Significant Accounting Policies (continued)

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.

f) Income tax

Current tax

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

Deferred tax

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

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

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

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

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

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. Summary of Significant Accounting Policies (continued)

Current and deferred tax for the year

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

g) Payables

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

h) Presentation currency

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

i) Plant and equipment

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

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line 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>Useful lives (in years)</i>
Plant & equipment	5 - 10
Motor vehicles	8

j) Exploration and Evaluation Expenditure

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

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

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

Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made

k) Intangible assets

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

l) Provision

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.

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. Summary of Significant Accounting Policies (continued)

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.

m) Revenue recognition

Interest revenue

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

Research & Development rebate

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

n) Equity based compensation

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

o) Issued capital

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

p) Leases

The Company as a lessee

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

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

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

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

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. Summary of Significant Accounting Policies (continued)

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

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

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

q) Earnings per share

Basic earnings per share is calculated as a net profit attributable to members, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
 - the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the year that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

r) Sale of Non-Current Asset

Income from the sale of assets is measured as the consideration received net of the carrying value of the asset and any cost of disposal.

s) Share based payments

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

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

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

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

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

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. Summary of Significant Accounting Policies (continued)

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

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

t) Critical accounting judgements, estimates, and assumptions

Exploration and evaluation costs

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

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

Share-based payment transactions

The entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Taxation

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

Comparative figures

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

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

u) New and Amended Standards Adopted by the Company

The Directors have reviewed all of the new and revised accounting standards and interpretations issued by the Australian Accounting Standard Board for annual reporting periods beginning or after 1 July 2021. It has been determined that none of the new accounting standards and interpretations adopted have a material impact on the Company's financial performance, position or disclosure.

At the date of authorisation of these financial statements, several new but not yet effective Standards and amendments to existing Standards and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Company. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have material impact on the Company's financial statements.

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 3: REVENUE FROM CONTINUING OPERATIONS

	<i>30 June 2022</i> \$	<i>30 June 2021</i> \$
Research & development rebate	2,814,245	1,943,418
Interest income	46	244
Other income (i)	364,903	608,688
	<u>364,949</u>	<u>608,932</u>
	<u>3,179,194</u>	<u>2,552,350</u>

For the year ended 30 June 2022, other income includes receipts of selling interest in tenements, fuel tax credit, SGC amnesty refund and insurance claim proceed.

On 16 February 2022 the Company entered into a binding heads of agreement in which Tribitrag Holdings Pty Ltd must pay \$300,000 for an 80% interest in the lithium and associated minerals rights on the Company's tenements M74/249 and E74/467, and commit to a minimum spend of \$500,000 in exploration expenditures in the first 24 months. The Company shall retain a 20% free carried interest to "Decision to Mine" at which point a joint venture will be established with Tribitrag Holdings Pty Ltd as manager pursuant to which each party will be required to contribute its percentage shares of joint venture expenditure or have its interest diluted in accordance with a standard industry dilution formula.

For the year ended 30 June 2021, other income includes receipts of selling interest in tenements and government grant relating to Cashflow Boost and Jobkeeper payments.

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

NOTE 4: ADMINISTRATION AND DEPRECIATION AND AMORTISATION EXPENSES

	<i>30 June 2022</i> \$	<i>30 June 2021</i> \$
The loss before income tax expense has been arrived at after charging the following expenses:		
(a) Administration expenses		
Insurance expenses	164,196	108,814
Telephone expenses	14,095	14,019
Other administration expenses	899,780	801,044
	<u>1,078,071</u>	<u>923,877</u>
(b) Depreciation and amortisation expenses		
Amortisation related to right of use assets	148,436	55,625
Depreciation related to plant and equipment	247,298	213,322
	<u>395,734</u>	<u>268,947</u>

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 5: INCOME TAX

	30 June 2022	30 June 2021
	\$	\$
(a) Current tax expense		
Current year	-	-
	5(b)	-
(b) Numerical reconciliation between tax expense and pre-tax net profit		
Profit/ (Loss) before tax	(14,154,947)	(13,713,932)
Income tax expense/(benefit) calculated at 25% (2021: 26%)	(3,538,737)	(3,565,622)
Tax effect of:		
- Non-deductible expenses	856,261	1,369,368
- Share based payments	130,789	376,182
- Unrecognised timing differences	2,734,016	2,325,361
- Research & Development rebate received	(182,329)	(505,289)
Income tax expense on pre-tax net profit	-	-
(c) Unrecognised deferred tax balances		
The following deferred tax assets at 25% (2021: 26%) have not been brought to account:		
Unrecognised deferred tax asset – tax losses	10,655,619	8,233,700
Unrecognised deferred tax asset - other timing differences	434,393	(1,091,190)
Net deferred tax assets	10,090,012	7,142,510

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

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

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 6: EARNINGS PER SHARE

	<i>30 June 2022</i>	<i>30 June 2021</i>
	\$	\$
Profit/(loss) for the year	(14,154,948)	(13,713,932)
Weighted average number of ordinary shares (post-consolidation basis)	181,668,849	103,994,192
Earnings/(loss) per share – cents	(7.79)	(13.19)

NOTE 7: CASH AND CASH EQUIVALENTS

	<i>30 June 2022</i>	<i>30 June 2021</i>
	\$	\$
Cash at bank	420,980	2,018,953
Undeposited fund	-	230,253
	420,980	2,249,206

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

NOTE 8: TRADE AND OTHER RECEIVABLES

	<i>30 June 2022</i>	<i>30 June 2021</i>
	\$	\$
Current		
Other receivables	191,646	184,935
Bonds and security deposits	48,937	24,937
Less: Provision for doubtful debt	(132,378)	(132,378)
	108,205	77,494

NOTE 9: OTHER CURRENT ASSETS

	<i>30 June 2022</i>	<i>30 June 2021</i>
	\$	\$
Current		
Prepaid Expenses	119,976	122,664
	119,976	122,664

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

NOTE 10: EXPLORATION AND EVALUATION ASSETS

	<i>30 June 2022</i>	<i>30 June 2021</i>
	\$	\$
Current		
Forrestania Project (i)	729,000	1,250,000
Fraser Range Project (ii)	-	250,000
Kat Gap Project(iii)	2,010,000	1,410,000
	2,739,000	2,910,000

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

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 10: EXPLORATION AND EVALUATION ASSETS (continued)

Movement in exploration and evaluation assets

	30 June 2022 \$	30 June 2021 \$
Opening balance	2,910,000	1,826,540
Addition	750,000	1,110,000
Written-off to exploration expenses	(921,000)	(26,540)
Ending balance	2,739,000	2,910,000

- (i) The Company entered into an agreement to acquire 80% gold rights in 5 exploration licences and 2 prospecting licences, collectively known as the Forresteria Gold Project. The acquisition was completed on 22 August 2017, with the payment of the consideration, being the issue of 85,000,000 shares. The Company wrote off these exploration and evaluation assets of \$121,000 during the year ended 30 June 2022.

Pursuant to a Head of Agreement dated 20 March 2017 between the Company and Fortuna SL Mining Pty Ltd ("Fortuna"), the Company acquired 100% gold interest in 2 prospecting licences, also known as the Lady Lila tenements. The acquisition was completed on 4 August 2017 with the payment of the consideration, being the issue of 40,000,000 shares. Fortuna will retain a 2.5% Net Smelter Royalty on all gold production at these tenements. The Company wrote off these exploration and evaluation assets of \$400,000 during the year ended 30 June 2022.

- (ii) The Company entered into an option agreement dated 5 September 2018 the agreement with X Minerals Pty Ltd to acquire the tenements and mining interest in E28/2811 and E28/2812. On 7 November 2019 the Company agree to a proposal from X Minerals Pty Ltd dated 28 October 2019 and opted to execute the options and agreed to purchase the tenements and mining interests in those tenements for consideration of \$45,000 in cash and \$205,000 in shares through the issuance of 102,500,000 shares at \$0.002 per shares. Those shares were issued on 22 November 2019. The Company wrote off these exploration and evaluation assets of \$250,000 during the year ended 30 June 2022.
- (iii) On 5 July 2017, the Company signed an agreement with Sulphide Resources Pty Ltd to acquire 100% interest in two exploration licences – E74/422 and E74/467 also known as the Kat Gap project. Under this agreement, the Company paid an Option Fee of \$55,000 (GST inclusive) and has the right to purchase the tenements within 18 months for a further consideration of \$250,000. Additionally, the Company must spend \$140,000 on the tenements during the option period. The company has paid the \$250,000 and acquired the full ownership of the tenement. The Company wrote off these exploration and evaluation assets of \$150,000 during the year ended 30 June 2022.

During the year ended 30 June 2021, the Company entered into an agreement with Goldbridge Pty Ltd to acquire 100% interest in licences P74/383 and P74/383; and secured a sub-lease on licence G74/10. These tenements form part of Kat Gap project with \$50,000 Option Fee, \$500,000 in cash and \$560,000 in shares (560 million shares at 0.1 cent/share) as its payment of the considerations.

In March 2022, the Company entered into Tenement Sale Agreement with Goldbridge SL Pty Ltd to acquire 100% interest in licenses G74/10 and G74/11 for consideration of \$300,000 in cash and 450 million fully-paid ordinary shares in the capital of the Company.

NOTE 11: RIGHT OF USE ASSETS

Current Properties

	30 June 2022 \$	30 June 2021 \$
	375,507	74,166
	375,507	74,166

The Company leased commercial property at 71 Furniss Road as their head office and premises at 289 Gngangara Road as storage. In pursuant to AASB 16 Leases, the lease was recognised as a right-of-use asset and a corresponding lease liability in the last financial year. The right-of-use asset is depreciated over the lease period on a straight-line basis.

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 12: PLANT AND EQUIPMENT

	Plant & Equipment \$	Motor Vehicles \$	Work in Progress \$	TOTAL \$
Gross Carrying Amount				
Balance at 30 June 2021	818,497	1,217,083	5,401,709	7,437,289
Additions	70,377	297,706	1,050,131	1,418,214
Disposals	-	(121,907)	-	(121,907)
Balance at 30 June 2022	888,874	1,392,882	6,451,840	8,733,596
Accumulated Depreciation				
Balance at 30 June 2021	204,264	329,737	-	534,001
Depreciation	105,735	141,563	-	247,298
Disposals	-	(29,435)	-	(29,435)
Balance at 30 June 2022	309,999	441,865	-	751,864
Net Book Value				
As at 30 June 2021	614,233	887,346	5,401,709	6,903,288
Provision for impairment losses	-	-	(1,496,709)	(1,496,709)
As at 30 June 2021	614,233	887,346	3,905,000	5,406,579
As at 30 June 2022	578,875	951,017	6,451,840	7,981,732
Provision for impairment losses	-	-	(1,496,709)	(1,496,709)
As at 30 June 2022	578,875	951,017	4,955,131	6,485,023

The Company engaged independent valuer, Gordon Brothers Pty. Ltd., to make assessment on the value of processing plant, mobile plant and mine accommodation as classified in the Work in Progress as of 30 June 2021. The Appraisal Report dated 14 October 2021 determined the valuation amount of \$3,905,000 on the basis of Fair Market Value In Continued (FMVICU) by utilizing cost approach valuation method. The effective date of the revaluation is 14 October 2021. The Company recognised impairment losses and provided provision for impairment losses of \$1,496,709 as of 30 June 2021. By its letter dated 14 June 2022, Gordon Brothers Pty. Ltd confirmed that there is no change of replacement value outlined in the report.

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 13: TRADE AND OTHER PAYABLES

	<i>30 June 2022</i>	<i>30 June 2021</i>
	\$	\$
Current		
Trade and other creditors (i)	5,219,429	3,758,865
Shares to be issued	13,000	355,050
Accruals	607,954	357,865
Accrual – outstanding salaries	40,589	30,140
	<u>5,880,972</u>	<u>4,501,920</u>

- (i) Trade payables are non-interest bearing and are normally settled on 30-60 day terms. As at 30 June 2022, the amount of trade payables was \$5,328,908 and the amount exceeding normal trading terms totalling \$3,233,216.

NOTE 14: ADVANCE FOR CONVERTIBLE NOTES

On 7 June 2022 the Company announced that it had entered into mandate with Still Capital Pty Ltd for a capital raising of up to \$4,000,000 by way of a proposed issue of convertible notes, each with a face value of \$25,000, convertible into fully paid ordinary shares in the capital of the Company at any time up to 18 months after the issue of convertible notes – any convertible note not converted by that date will be redeemed. The price at which conversion shares to be issued (conversion price) is \$0.075 per share (on a post-consolidation basis) or a 20% discount to the 15-day VWAP, whichever is lower. Instead of interest, every two (2) ordinary shares entitlements under the convertible notes issue will have one (1) free attaching unlisted option to acquire a further ordinary share in the Company, exercisable at \$0.18 on post-consolidation basis and expiring 1 June 2025.

As at 30 June 2022, the Company had received funds totalling \$2,126,650 as subscriptions of the convertible notes. Subsequent to balance sheet date, the Company received \$4,000,000 in total for the subscriptions. The convertible notes were issued on 11 July 2022.

NOTE 15: PROVISIONS

	<i>30 June 2022</i>	<i>30 June 2021</i>
	\$	\$
Current		
Provision for annual leave	114,802	121,328
	<u>114,802</u>	<u>121,328</u>

NOTE 16: LEASE LIABILITY

	<i>30 June 2022</i>	<i>30 June 2021</i>
	\$	\$
Current lease liability	94,023	59,851
Non-current lease liability	319,546	21,218
	<u>413,569</u>	<u>81,069</u>

Lease liability relates to leased commercial property as in note 11.

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 17: BORROWINGS

	30 June 2022 \$	30 June 2021 \$
Current		
Loans from CTRC Pty Ltd – due on 4 July 2022, 25 July 2022, 18 August 2022 and 26 August 2022 (2021: 13 July 2021, 18 August 2021 and 26 August 2021)	1,300,000	650,000
Loans from Greywood Holdings Pty Ltd – due on 3 July 2022, 12 July 2022, 25 July 2022 and 3 August 2022 (2021: 3 August 2021)	1,130,000	750,000
Loans from Whead Pty Ltd – due on 16 August 2022, 28 September 2022, 9 October 2022 and 31 October 2022	720,000	-
Loans from Klip Pty Ltd – due on 24 September 2002 (2021: 10 August 2021 and 24 September 2021)	700,000	1,000,000
Loan from Foskin Pty Ltd – due on 29 July 2022 (2021: 29 July 2021)	360,000	400,000
Loans from Gold Processing Equipment Pty Ltd – due on 20 July 2022 and 14 August 2022 (2021: 20 July 2021)	305,500	300,000
Loans from Rotherwood Enterprises Pty Ltd – due on 24 September 2022 (2021: 10 August 2021 and 24 September 2021)	300,000	600,000
Loan from Michael Wilson – due on 27 July 2022	30,000	-
Loans from Gurindji Pty Ltd – due on 14 July 2022 and 24 July 2022	15,000	-
Loan from Tracey Pearson – due on 7 August 2022	10,000	-
Total loans from shareholders	4,870,500	3,700,000
Loans from Radium Capital (R&D) – due on 30 November 2022 (2021: 30 November 2021)	312,015	2,071,032
Loans from Attvest Finance, Hunter Premium Funding and Iqumulate (Insurance)	91,877	51,338
Total loans	5,274,392	5,822,370
Accrued interest	1,130,626	144,538
	6,405,018	5,966,908

- (i) Short-term loans from Whead Pty Ltd, Klip Pty Ltd, Rotherwood Enterprises Pty Ltd, Michael Wilson, Gurindji Pty Ltd, Tracey Pearson and \$5,500 loan from Gold Processing Equipment Pty Ltd are unsecured, while the other short-term loans from shareholders are secured against the Company's assets under Personal Property Securities Register (PPSR). The short-term loans from shareholders carries an interest rate of 3% per month.
- (ii) The loan facilities from Radium Capital were advanced against the expected R&D refund from the ATO on or before 30 September 2022 (2021: 30 September 2021) and carries an interest rate of 14% p.a. (2021: 14% p.a.).

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 17: BORROWINGS (continued)

Movement of borrowings 30 June 2022				Non-cash movements						Closing balance	
	Opening balance	Cash inflow	Cash outflow	Interest	Transactions cost	Shares Issued	Options issued	Credit provided	Others		Accrued Interest
	\$	\$	\$	\$	\$	\$	\$	\$	\$		\$
Loans from shareholders	3,700,000	3,111,500	(3,140,251)	499,572	1,334,339	(599,636)	(35,024)	-	-	1,130,626	6,001,126
Loan from Pies Corporate Services	-	150,000	(177,500)	7,500	20,000	-	-	-	-	-	-
Loans from Radium Capital (R&D)	2,071,032	519,289	(2,178,644)	129,827	769	-	-	-	(230,258)	-	312,015
Loans from Attvest and Hunter Premium Funding (Insurance)	51,338	-	(119,560)	5,822	120	-	-	154,157	-	-	91,877
Total borrowings	5,822,370	3,780,789	(5,615,955)	642,721	1,355,228	(599,636)	(35,024)	154,157	(230,258)	1,130,626	6,405,018

Movement of borrowings 30 June 2021				Non-cash movements						Closing balance	
	Opening balance	Cash inflow	Cash outflow	Interest	Transactions cost	Shares Issued	Options issued	Credit provided	Others		Accrued Interest
	\$	\$	\$	\$	\$	\$	\$	\$	\$		\$
Loans from shareholders	751,048	3,350,000	(1,451,288)	471,440	849,779	(370,100)	(25,879)	125,000	-	144,538	3,844,538
Loans from Radium Capital (R&D)	1,058,252	1,780,254	(1,108,958)	108,934	2,307	-	-	-	230,243	-	2,071,032
Loans from Iqumulate and Hunter Premium Funding (Insurance)	62,881	-	(97,166)	2,981	59	-	-	82,583	-	-	51,338
Total borrowings	1,872,181	5,130,254	(2,657,412)	583,355	852,145	(370,100)	(25,879)	207,583	230,243	144,538	5,966,908

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 18: ISSUED CAPITAL

Ordinary shares

	<i>30 June 2022</i>	<i>Number of Shares</i>
	\$	
At the beginning of the reporting year	51,995,750	21,770,381,433
Share based payments (refer to Note 27)	3,296,581	3,296,580,000
Shares issued at 0.1 cents (July 2021)	300,000	300,000,000
Options exercised at 0.3 cents (July 2021)	69	23,000
Shares issued at 0.13 cents (September 2021)	2,385,417	1,834,935,897
Shares issued at 0.1 cents (September 2021)	1,000,000	1,000,000,000
Shares issued at 0.085 cents (September 2021)	425,000	500,000,000
Shares issued at 0.1 cents (December 2021)	205,000	205,000,000
Options exercised at 0.3 cents (December 2021)	237	79,166
Shares issued at 0.085 cents (March 2022)	1,500,000	1,764,705,882
Shares issued at 0.085 cents (April 2022)	300,000	352,941,176
Options exercised at 0.3 cents (June 2022)	750	250,000
Share base entry for difference between market value of shares and the value of the creditors paid	298,700	-
Shares to be issued	50,000	50,000,000
Less: expenses related to capital raising	(733,220)	-
At the end of the reporting year	<u>61,024,284</u>	<u>31,074,896,554</u>

Ordinary shares

	<i>30 June 2021</i>	<i>Number of Shares</i>
	\$	
At the beginning of the reporting year	35,866,038	9,352,942,427
Share based payments (refer to Note 27)	4,266,939	4,007,794,141
Shares issued at 0.1 cents (July 2020)	200,000	200,000,000
Shares issued at 0.125 cents (July 2020)	200,000	160,000,000
Shares issued at 0.2 cents (July 2020)	260,000	130,000,000
Shares issued at 0.196 cents (August 2020)	4,340,073	2,214,322,903
Options exercised at 0.2 cents (August 2020)	75,663	37,832,090
Shares issued at 0.196 cents (October 2020)	185,000	94,387,754
Shares issued at 0.2 cents (October 2020)	300,000	150,000,000
Shares issued at 0.175 cents (November 2020)	300,000	171,428,031
Shares issued at 0.1 cents (November 2020)	1,200,000	1,200,000,000
Shares issued at 0.1 cents (December 2020)	1,050,000	1,050,000,000
Options exercised at 0.3 cents (March 2021)	972	324,003
Shares issued at 0.1 cents (April 2021)	1,600,000	1,600,000,000
Options exercised at 0.3 cents (April 2021)	63	20,834
Shares issued at 0.1 cents (June 2021)	1,400,000	1,400,000,000
Options exercised at 0.3 cents (June 2021)	3,988	1,329,250
Share base entry for difference between market value of shares and the value of the creditors paid	1,418,507	-
Less: expenses related to capital raising	(671,493)	-
At the end of the reporting year	<u>51,995,750</u>	<u>21,770,381,433</u>

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

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

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

Consolidation of the Company's securities on issue on a 1:150 basis was approved in the shareholders' general meeting held on 8 July 2022. The consolidation is effective on 8 July 2022.

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 18(a): RESERVE

Options	Date	Note	\$	Number of Options
<i>As at 1 July 2018</i>			-	-
Options issued with an exercise price of 0.7 cents (expiry 5 November 2021)	24/12/2018		2,000	20,000,000
Options issued with an exercise price of 0.2 cents (expiry 1 March 2022)	28/02/2019		4,000	40,000,000
Options issued with an exercise price of 0.2 cents (expiry 3 June 2022)	-		16,655	-
Options issued with an exercise price of 0.2 cents (expiry 1 March 2022)	-		142,268	-
<i>As at 30 June 2019</i>			164,923	60,000,000
Options issued with an exercise price of 0.2 cents (expiry: 1 March 2022)	15/07/2019	(i)	-	145,490,352
Options issued with an exercise price of 0.2 cents (expiry: 1 March 2022)	05/08/2019	(ii)	9,475	15,000,000
Options issued with an exercise price of 0.2 cents (expiry: 1 March 2022)	27/09/2019	(iii)	-	80,000,000
Exercise of options at 0.2 cents	15/10/2019		(11,475)	(35,000,000)
Free attaching options issued with an exercise price of 0.7 cents (expiry: 5 November 2021)	08/11/2019		-	79,333,334
Options issued with an exercise price of 0.2 cents (expiry: 1 March 2022)	22/11/2019	(iv)	597,214	160,000,000
Exercise of options at 0.2 cents	12/12/2019		(143,871)	(105,000,000)
Options issued with an exercise price of 0.2 cents (expiry: 1 March 2022)	27/12/2019	(v)	148,859	50,000,000
Options issued with an exercise price of 0.2 cents (expiry: 1 March 2022)	24/03/2020	(v)	45,686	50,000,000
Options issued with an exercise price of 0.2 cents (expiry: 1 March 2022)	18/06/2020	(v)	194,565	100,000,000
Free attaching options issued @\$0.0001 per option with an exercise price of 0.2 cents (expiry: 1 March 2022)	18/06/2020		41,800	458,000,000
<i>As at 30 June 2020</i>			1,047,176	1,057,823,686
Options issued with an exercise price of 0.2 cents (expiry: 1 March 2022)	23/07/2020		10,000	100,000,000
Exercise of options at 0.2 cents	13/08/2020		-	(37,832,090)
Options issued with an exercise price of 0.2 cents (expiry: 1 March 2022)	15/10/2020		7,500	75,000,000
Options issued with an exercise price of 0.2 cents (expiry: 1 March 2022)	20/11/2020		5,714	57,142,800
Free attaching options issued with an exercise price of 0.3 cents (expiry: 3 February 2024)	03/02/2021		-	4,220,222,136
Exercise of options at 0.3 cents	18/03/2021		-	(324,003)
Exercise of options at 0.3 cents	29/04/2021		-	(20,834)
Exercise of options at 0.3 cents	17/06/2021		-	(1,250,000)
Exercise of options at 0.3 cents	17/06/2021		-	(79,250)
Free attaching options issued with an exercise price of 0.3 cents (expiry: 3 February 2024)	17/06/2021		-	400,000,000
Options issued @\$0.00072 per option with an exercise price of 0.3 cents (expiry: 3 February 2024)	17/06/2020	(vi)	12,940	18,000,000
Carried forward			1,083,330	5,888,682,445

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 18(a): RESERVE (continued)

Options	Date	Note	\$	Number of Options
Brought forward			1,083,330	5,888,682,445
Options issued @\$0.00072 per option with an exercise price of 0.3 cents (expiry: 3 February 2024)	17/06/2021	(vi)	12,940	18,000,000
Unissued options	-	(vii)	53,212	-
As at 30 June 2021			1,149,482	5,906,682,445
Exercise of options at 0.3 cents	21/07/2021		-	(23,000)
Forfeited unissued options	28/07/2021	(viii)	(28,345)	-
Options issued with an exercise price of 0.3 cents (expiry: 3 February 2024)	22/09/2021	(ix)	-	36,000,000
Grant of options with an exercise price of 0.3 cents (expiry: 3 February 2024)	24/09/2021	(x)	13,203	-
Expiry of options with an exercise of 0.7 cents	5/11/2021		-	(99,333,334)
Options issued with an exercise price of 0.3 cents (expiry: 3 February 2024)	02/12/2021	(xi)	-	60,000,000
Exercise of options at 0.3 cents	03/12/2021		-	(79,166)
Grant of options with an exercise price of 0.3 cents (expiry: 3 February 2024)	24/12/2021	(xii)	12,036	-
Expiry of options with an exercise of 0.2 cents	01/03/2021		-	(1,152,801,062)
Options issued with an exercise price of 0.3 cents (expiry: 3 February 2024)	22/03/2022		-	492,426,471
Grant of options with an exercise price of 0.3 cents (expiry: 3 February 2024)	24/03/2022	(xiii)	8,270	-
Options issued with an exercise price of 0.3 cents (expiry: 3 February 2024)	01/04/2022		-	88,235,294
Grant of options with an exercise price of 0.3 cents (expiry: 3 February 2024)	24/06/2022	(xiv)	7,244	-
Exercise of options at 0.3 cents	29/06/2022		-	(250,000)
At the end of reporting year			1,161,890	5,330,857,648

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

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 18(a): RESERVE (continued)

- (viii) Relates to unissued options of which the value is reflected within the opening balance as at 1 July 2021. 40,000,000 options for GTT Venture Pty Ltd were not issued as the performance was not achieved.
- (ix) Relates to unissued options of which the value is reflected within the opening balance as at 1 July 2021. Options issued to Klip and Rotherwood, 18,000,000 options each.
- (x) 21,000,000 options and 18,000,000 options granted to Klip and Rotherwood, respectively as part of a financing facilities.
- (xi) Relates to unissued options of which the value is reflected within the opening balance as at 1 July 2021. 21,000,000 options and 9,000,000 options issued to Klip and Rotherwood, respectively.
- Issuance of 21,000,000 options and 9,000,000 options for Klip and Rotherwood, respectively, in relation with the options granted on 24 September 2021.
- (xii) 21,000,000 options and 18,000,000 options granted to Klip and Rotherwood, respectively as part of a financing facilities.
- (xiii) 21,000,000 options and 9,000,000 options granted to Klip and Rotherwood, respectively as part of a financing facilities.
- (xiv) 21,000,000 options and 9,000,000 options granted to Klip and Rotherwood, respectively as part of a financing facilities.

Consolidation of the Company's securities on issue on a 1:150 basis was approved in the shareholders' general meeting held on 8 July 2022. The consolidation is effective on 8 July 2022.

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

2022

Input	Financing options 24/09/2021 (x)	Financing options 24/12/2021 (xii)	Financing options 24/03/2022 (xiii)	Financing options 24/06/2022 (xiv)
Number of options	39,000,000	39,000,000	30,000,000	30,000,000
Grant date share price	\$0.001	\$0.001	\$0.001	\$0.001
Exercise price	\$0.003	\$0.003	\$0.003	\$0.003
Expected volatility	110%	110%	110%	110%
Risk-free interest rate	0.22%	0.91%	1.45%	2.83%
Dividend yield	Nil	Nil	Nil	Nil
Fair value	\$13,203	\$12,036	\$8,270	\$7,244

2021

Input	Financing options 10/02/2021	Performance options 15/04/2021	Financing options 10/05/2021	Establishment options 24/06/2021
Number of options	36,000,000	40,000,000	36,000,000	30,000,000
Grant date share price	\$0.0015	\$0.002	\$0.001	\$0.001
Exercise price	\$0.003	\$0.003	\$0.003	\$0.003
Expected volatility	110%	110%	110%	110%
Risk-free interest rate	0.10%	0.16%	0.10%	0.20%
Dividend yield	Nil	Nil	Nil	Nil
Fair value	\$25,880	\$40,943	\$13,790	\$11,077

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

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 18(a): RESERVE (continued)

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

	30 June 2022		30 June 2021	
	Number	Weighted average exercise price (cents)	Number	Weighted average exercise price (cents)
Outstanding at the beginning of year	5,906,682,445	0.29	1,057,823,686	0.24
Granted during the year	676,661,765	0.30	4,888,364,936	0.30
Forfeited during the year	-	-	-	-
Exercised during the year	(352,166)	0.30	(39,506,177)	0.20
Expired during the year	(1,252,134,396)	0.24	-	-
Outstanding at the end of year	5,330,857,648	0.30	5,906,682,445	0.29
Exercisable at the end of year	5,330,857,648	0.30	5,906,682,445	0.29

The weighted average remaining contractual life for the share-based payment options outstanding as at 30 June 2022 was 1.6 years (2021: 2.18 years).

The weighted average fair value of options granted during the year was 0.03 cents (2021: 0.001 cents)

The following share options were exercised during the year ended 30 June 2022 and 2021.

Options exercised*	30 June 2022			30 June 2021		
	Exercise date	Expiry Date	Share price at exercise date (cents)	Exercise date	Expiry Date	Share price at exercise date (cents)
250,000	29/06/2022	03/02/2024	0.10			
79,166	03/12/2021	03/02/2024	0.10			
23,000	12/07/2021	03/02/2024	0.20			
1,329,250				17/06/2021	03/02/2024	0.15
20,834				29/04/2021	03/02/2024	0.10
324,003				18/03/2021	03/02/2024	0.02
37,832,090				13/08/2020	01/03/2022	0.02

* Before consolidation

Consolidation of the Company's securities on issue on a 1:150 basis was approved in the shareholders' general meeting held on 8 July 2022. The consolidation is effective on 8 July 2022.

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 18(a): RESERVE (continued)

Performance rights

During the year ended 30 June 2022, the following performance rights were issued:

Security	Recipients	Number	Details	Vesting Condition	Exercise Price	Expiry Date
Class A Performance Rights – Tranche 1	Employees	326,666,667	Unlisted performance rights each exercisable into one ordinary share on meeting the vesting condition at any time up to and including the expiry date.	The Company announces that it has defined an ‘inferred mineral resource’ of at least 150,000 ounces of gold, at a minimum grade of at least 1 gram per tonne in accordance with the JORC Code, at the Company’s Kat Gap mineral exploration project.	nil	30 June 2026
Class A Performance Rights – Tranche 2	Employees	326,666,667	Unlisted performance rights each exercisable into one ordinary share on meeting the vesting condition at any time up to and including the expiry date.	The Company announces that it has defined an ‘inferred mineral resource’ of at least 200,000 ounces of gold, at a minimum grade of at least 1 gram per tonne in accordance with the JORC Code, at the Company’s Kat Gap mineral exploration project.	nil	30 June 2026
Class A Performance Rights – Tranche 3	Employees	326,666,666	Unlisted performance rights each exercisable into one ordinary share on meeting the vesting condition at any time up to and including the expiry date.	The Company announces that it has defined an ‘inferred mineral resource’ of at least 250,000 ounces of gold, at a minimum grade of at least 1 gram per tonne in accordance with the JORC Code, at the Company’s Kat Gap mineral exploration project.	nil	30 June 2026

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 18(a): RESERVE (continued)

Security	Recipients	Number	Details	Vesting Condition	Exercise Price	Expiry Date
Class B Performance Rights – Tranche 1	Directors	140,000,000	Unlisted performance rights each exercisable into one ordinary share on meeting the vesting condition at any time up to and including the expiry date.	The Company announces that it has defined an ‘inferred mineral resource’ of at least 150,000 ounces of gold, at a minimum grade of at least 1 gram per tonne in accordance with the JORC Code, at the Company’s Kat Gap mineral exploration project	nil	30 June 2026
Class B Performance Rights – Tranche 2	Directors	140,000,000	Unlisted performance rights each exercisable into one ordinary share on meeting the vesting condition at any time up to and including the expiry date.	The Company announces that it has defined an ‘inferred mineral resource’ of at least 200,000 ounces of gold, at a minimum grade of at least 1 gram per tonne in accordance with the JORC Code, at the Company’s Kat Gap mineral exploration project	nil	30 June 2026
Class B Performance Rights – Tranche 3	Directors	140,000,000	Unlisted performance rights each exercisable into one ordinary share on meeting the vesting condition at any time up to and including the expiry date.	The Company announces that it has defined an ‘inferred mineral resource’ of at least 250,000 ounces of gold, at a minimum grade of at least 1 gram per tonne in accordance with the JORC Code, at the Company’s Kat Gap mineral exploration project	nil	30 June 2026

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 18(a): RESERVE (continued)

The valuation of the performance rights was based on the Black Scholes valuation methodology with the following key inputs:

	Class A Performance Rights			Class B Performance Rights		
Methodology	Black Scholes			Black Scholes		
Vesting conditions	Non-market			Non-market		
Recipients	Employees			Non-Executive Directors		
Grant date	6 August 2021			26 August 2021		
Expiry date	30 June 2026			30 June 2026		
Assumed spot price (\$)	0.001			0.001		
Exercise price (\$)	nil			nil		
Risk-free rate (%)	0.597			0.597		
Volatility (%)	100			100		
	Class A Performance Rights			Class B Performance Rights		
Fair value per Performance Right (\$)	0.001			0.001		
Tranche	Tranche 1	Tranche 2	Tranche 3	Tranche 1	Tranche 2	Tranche 3
Number	326,666,667	326,666,667	326,666,666	140,000,000	140,000,000	140,000,000
Total undiscounted fair value (\$)	326,667	326,667	326,667	140,000	140,000	140,000

The total share-based payment expense relating to performance rights based on vesting conditions to 30 June 2022 is \$252,802 based on expected vesting period of 5 years.

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

Reconciliation of reserve:

	30 June 2022 \$	30 June 2021 \$
Options	1,161,890	1,149,482
Performance Rights	2,220,302	1,967,500
Share based payment reserve	3,382,192	3,116,982

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 18(a): RESERVE (continued)

	Note	30 June 2022 \$	30 June 2021 \$
Loss from settlement of creditor, being the difference between market value of shares issued and the value of creditors paid	18	298,700	1,418,507
Performance rights granted	18(a)	252,802	-
Unissued options	18(a)	(28,345)	28,345
Total Share based payment expense		523,157	1,446,852

NOTE 19: EXPENDITURE COMMITMENTS

(a) Exploration Expenditure Commitments

Payable

	30 June 2022 \$	30 June 2021 \$
Not later than 1 year	652,894	778,115
More than 1 year but not later than 5 years	3,209,640	6,742,910
Greater than 5 years	1,745,841	-
	5,608,375	7,521,025

(b) Capital Expenditure Commitments

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

NOTE 20: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Earn in and Joint Venture Agreement

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

Key commercial terms of the Agreement are:

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

As described in Note 3, payment was made at the end of the first earn in period. Subsequent to receiving the payment, the 51% interest in the tenements was transferred to IGO.

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 20: CONTINGENT LIABILITIES AND CONTINGENT ASSETS (continued)

Royalties

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

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

Standby Subscription facility agreement

On 19 September 2017, the Company by mutual agreement amended the terms of its Standby Subscription Agreement with Stock Assist Group Pty Ltd. The Facility arrangement has been increased from \$1,000,000 to \$5,000,000. Under the Facility the Investor agrees to subscribe for shares if requested by the Company subject to the terms and conditions of this Facility. There were no drawings under this facility for the year ended 30 June 2022. This facility will end on 19 September 2022. On 5 September 2022, this facility was extended for a further 24 months.

NOTE 21: SEGMENT REPORTING

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

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 22: STATEMENT OF CASH FLOWS

	30 June 2022 \$	30 June 2021 \$
a. Reconciliation of the net loss after income tax to net cash flows from operating activities		
Net profit/(loss) for the year	(14,154,948)	(13,713,932)
Non-cash Items		
Depreciation and amortisation expense	395,734	518,947
Share based payments ¹	523,157	1,446,852
Settlement of a bonus payable to KMP via the disposal of a motor vehicle	75,000	-
Miscellaneous assets written off	921,000	26,540
Impairment losses	-	1,496,709
Loss on asset disposal	17,472	9,370
Shares yet to be issued	63,000	355,050
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(303,438)	(465,901)
(Increase)/decrease in other assets	(447,088)	126,990
Increase/(decrease) in trade creditors and other payables	6,361,052	2,222,548
Increase/(decrease) in provisions	(6,526)	41,741
Cash outflows from operations	<u>(6,555,585)</u>	<u>(7,935,086)</u>

¹ During the year, non-cash share-based payments amounted to \$523,157 (2021: \$1,446,852). Of these, \$244,457 (2021: \$1,215,831) related to operating activities. Other share-based payments in relation to financing and investing activities were:

Investing:

- Purchase of plant and equipment of \$250,000 (2021: \$201,020)

Financing:

- Settlement of borrowing fee of \$28,700 (2021: \$30,000)

b. Reconciliation of cash and equivalents

	30 June 2022 \$	30 June 2021 \$
Cash and equivalents comprise		
- cash at bank	420,980	2,018,953
- undeposited fund	-	230,253
	<u>420,980</u>	<u>2,249,206</u>

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

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

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 23: KEY MANAGEMENT PERSONNEL DISCLOSURES

	<i>30 June 2022</i> \$	<i>30 June 2021</i> \$
Compensation of key management personnel by category		
Short-term employee benefits	1,068,646	1,584,537
Share-based payment	139,131	-
	<u>1,207,777</u>	<u>1,584,537</u>

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

NOTE 24: RELATED PARTY TRANSACTIONS

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

2022

On 27 July 2021 the Company made a transfer of vehicle to Reliant Resources Pty Ltd for nil consideration, in accordance with the agreed proposal dated 1 February 2021 from Dean Goodwin, Consultant Geologist of Reliant Resources Pty Ltd. The transfer value is \$75,000.

The Board adopted a Performance Rights Plan, which was approved by shareholders, at the General Meeting of the Company held on 6 August 2021.

2021

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

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

In November 2017 the Company acquired Forresteria Intellectual Properties owned by Dean Goodwin with the amount of \$1,000,000. Deed of Assignment dated 29 June 2021 between Dean Goodwin and the Company was entered to conclude the completion of payment and assignment of Forresteria Intellectual Properties. For the year ended 30 June 2021, Dean Goodwin was paid \$675,000 in relation with the Forresteria Intellectual Properties.

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 25: FINANCIAL RISK MANAGEMENT AND POLICIES

The Company's activities expose it to a variety of financial risks: market risk (interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company does not use derivative financial instruments; however the Company uses different methods to measure different types of risk to which it is exposed.

Risk management is carried out by the Board of Directors with assistance from suitably qualified external advisors when required. The Board provides written principles for overall risk management and further policies will evolve commensurate with the evolution and growth of the Company.

The carrying value of the Company's financial instruments are as follows:

	30 June 2022 \$	30 June 2021 \$
Financial assets		
Cash and cash equivalents	420,980	2,249,206
Trade and other receivables	108,205	77,494
	529,185	2,326,700
Financial liabilities		
Trade and other payables	5,880,972	4,646,458
Advance for convertible notes	2,126,650	
Lease liability	413,569	81,069
Borrowings	6,405,018	5,822,370
	14,826,209	10,549,897

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

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

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

(a) Market risk

(i) Foreign exchange risk

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

(ii) Cash flow and interest rate risk

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

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 25: FINANCIAL RISK MANAGEMENT AND POLICIES (continued)

(b) Credit risk

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

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

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

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

	30 June 2022 \$	30 June 2021 \$
Cash and cash equivalents		
AA S&P rating	420,980	2,249,206
Trade and Other receivables		
Unsecured	108,205	77,494

(c) Liquidity risk

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

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

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

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

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

Year ended 30 June 2022	<1 year	1 - 5 Years	Over 5 Years	Total contractual cashflows	Weighted average effective interest rate %
Financial Assets:					
Cash and cash equivalents	420,980	-	-	420,980	-
Trade and other receivables	108,205	-	-	108,205	-
	529,185	-	-	529,185	
Financial Liabilities:					
Trade and other payables	5,880,972	-	-	5,880,972	-
Advance for convertible notes	2,126,650	-	-	2,126,650	-
Lease liability	94,023	319,546	-	413,569	-
Borrowings	6,405,018	-	-	6,405,018	-
	14,506,663	319,546	-	14,826,209	

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 25: FINANCIAL RISK MANAGEMENT AND POLICIES (continued)

(c) Liquidity risk (continued)

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

(d) Fair value estimation

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

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

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

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

(e) Capital risk

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

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

During 2022, the Company's strategy, which has remained unchanged from previous years, borrowed funds on a short-term basis to assist in its exploration activities. The company's equity management is determined by funds required to undertake its research & development activities and meet its corporate and other costs.

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 26: SUBSEQUENT EVENTS

The Company extended repayment date of \$250,000 loan from Greywood Holding Pty Ltd which was due on 3 July 2022. The latest extension loan is payable on 3 September 2022. Furthermore, the loan was repaid on 23 September 2022.

The Company extended repayment date of \$300,000 loan from CTRC Pty Ltd which was due on 4 July 2022. The latest extension loan is payable on 4 October 2022.

The Company extended repayment date of \$180,000 loan from Greywood Holding Pty Ltd which was due on 12 July 2022. The latest extension loan is payable on 12 November 2022.

The Company extended repayment date of \$300,000 loan from Gold Processing Equipment Pty Ltd which was due on 20 July 2022. The latest extension loan is payable on 20 November 2022.

The Company extended repayment date of \$200,000 loan from Greywood Holding Pty Ltd which was due on 25 July 2022. The latest extension loan is payable on 25 September 2022. Further extension is in process.

The Company extended repayment date of \$500,000 loan from CTRC Pty Ltd which was due on 25 July 2022. The latest extension loan is payable on 26 September 2022. Further extension is in process.

The Company extended repayment date of \$360,000 loan from Foskin Pty Ltd which was due on 29 July 2022. The latest extension loan is payable on 29 September 2022.

The Company extended repayment date of \$500,000 loan from Greywood Holding Pty Ltd which was due on 3 August 2022. The latest extension loan is payable on 3 October 2022.

The Company extended repayment date of \$250,000 loan from CTRC Pty Ltd which was due on 18 August 2022. The latest extension loan is payable on 18 October 2022.

The Company extended repayment date of \$250,000 loan from CTRC Pty Ltd which was due on 26 August 2022. The latest extension loan is payable on 26 October 2022.

The Company extended repayment date of \$700,000 loan from Klip Pty Ltd which was due on 24 September 2022. The loan was extended for further 3 months.

The Company extended repayment date of \$300,000 loan from Rotherwood Pty Ltd which was due on 24 September 2022. The loan was extended for further 3 months.

The General Meeting held on 8 July 2022 resolved the shares of the Company to be consolidated through conversion of every one hundred and fifty (150) shares held by a shareholder into one (1) share. The effective date of consolidation is 8 July 2022 and the effect on the capital structure of the Company of the consolidation is shown in the table below.

Securities	Pre-Consolidation	Post-Consolidation
Shares on issue	31,024,646,554	206,830,978
Options on issue	5,242,872,355	34,952,482
Performance Rights on issue	1,400,000,000	9,333,333

On 11 July 2022, the Company issued convertible notes, each with a face value of \$25,000, to raise up to \$4.0 million funds. The convertible note is convertible into ordinary shares in the Company at any time up to 18 months after the issue of the convertible note; any convertible note not converted by that date will be redeemed. The conversion price is \$0.075 per share (on a post-consolidation basis) or 20% discount to 15-day VWAP, whichever is lower. Noteholders converting convertible notes will also be entitled to one (1) free attaching option for every two (2) shares issued on conversion, exercisable at \$0.18 (on a post-consolidation basis) on before 1 June 2025. As at the date of this report, the Company has issued 185,316,954 shares and 92,658,483 options as conversion of the convertible notes.

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 26: SUBSEQUENT EVENTS (continued)

The Company made announcement and issued Prospectus dated 15 July 2022 for Loyalty Offer and Piggyback Offer. The Loyalty Offer is a pro rata non-renounceable bonus issue of approximately 103 million options for nil consideration (loyalty options). Eligible shareholders will be issued one (1) loyalty option for every two (2) shares held by them at 5.00pm WST on 27 July 2022 (loyalty options record date). Loyalty options have an exercise price of \$0.05 and expiry date of 25 August 2022. The Piggyback Offer involves the issue of free-attaching options on the basis of one piggyback option for every two (2) shares issued to subscribers on exercise of loyalty options (piggyback options). Piggyback options have an exercise price of \$0.10 and expiry date of 1 June 2025. In relation to this offer, the Company issued 1,887,932 new shares on 1 September 2022 and the related 944,024 piggyback options on 2 September 2022.

On 9 September 2022, the Company announced that it had entered into a binding terms sheet with Goldvalley Brown Stone Pty Ltd (Goldvalley), pursuant to which Goldvalley, a member of Gold Valley group of companies, will provide funding for the Company's 100% owned Kat Gap gold project. Goldvalley will provide up to \$10 million in non-recourse funding for the extraction and processing of Kat Gap ore. The Company and Goldvalley will share the net profits from gold production on the basis 70% (the Company) and 30% (Goldvalley).

On 12 September 2022, the Company announced that it had received notification from the Department of Mines, Industry, Regulation and Safety (DMIRS) of an "Approval To Commence Extractive Mining Operation" for the Kat Gap gold mine project, following confirmation by DMIRS that the Project Management Plan (PMP) previously submitted by the Company satisfies the requirement under section 42 of the Mines Safety and Inspection Act 1994 (WA) and regulation 3.12 and 3.13 of the Mines Safety and Inspection Regulation 1995 (WA).

On 19 September 2022, the Company made announcement and issued Prospectus to undertake Entitlement Offer to raise up to \$3.65 million. The Company intends to undertake a partially underwritten, non-renounceable pro rata entitlement offer of one (1) new share for every two (2) shares held by eligible shareholders as at 23 September 2022 5.00pm WST, with one (1) free attaching options, exercisable at \$0.10 on or before 1 June 2025, to be issued for every two (2) new shares subscribed for under the offer.

NOTE 27: SHARES GRANTED TO CREDITORS AND LENDERS FOR SETTLEMENTS

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

30 June 2022 Issued for	Grant Date	Vesting Date	Number of shares	Value (\$)
Creditor's repayment	21/07/2021	21/07/2021	270,000,000	270,000
Borrowing fee payment	21/07/2021	21/07/2021	28,700,000	28,700
Creditor's repayment	22/09/2021	22/09/2021	1,155,484,500	1,155,485
Borrowing fee payment	22/09/2021	22/09/2021	194,235,500	194,236
Creditor's repayment	02/12/2021	02/12/2021	83,440,000	83,440
Borrowing fee payment	02/12/2021	02/12/2021	169,000,000	169,000
Creditor's repayment	04/02/2022	04/02/2022	26,720,000	26,720
Borrowing fee payment	04/02/2022	04/02/2022	82,000,000	82,000
Creditor's repayment	22/03/2022	22/03/2022	590,000,000	590,000
Borrowing fee payment	22/03/2022	22/03/2022	97,000,000	97,000
Creditor's repayment	01/04/2022	01/04/2022	600,000,000	600,000
			3,296,580,000	3,296,581

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 27: SHARES GRANTED TO CREDITORS AND LENDERS FOR SETTLEMENTS (continued)

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

NOTE 28: AUDITORS REMUNERATION

	30 June 2022 \$	30 June 2021 \$
Auditor remuneration	55,000	50,235
	55,000	50,235

CLASSIC MINERALS LIMITED

ASX ADDITIONAL INFORMATION

Schedule of Mineral Tenements as at 30 September 2022		
TENEMENT	AREA	INTEREST HELD BY CLASSIC MINERALS LIMITED
M74/249	Forrestania	100%
E74/467	Forrestania	100%
P77/4291	Forrestania	80%
P77/4290	Forrestania	80%
E77/2207	Forrestania	80%
E77/2219	Forrestania	80%
E77/2220	Forrestania	80%
E77/2239	Forrestania	80%
E77/4271	Forrestania	100%
E77/2472	Forrestania	100%
E77/2470	Forrestania	100%
L74/59	Forrestania	100%
G74/11	Forrestania	100%
G74/10	Forrestania	100%

CLASSIC MINERALS LIMITED

ASX ADDITIONAL INFORMATION

As at 27 September 2022

The following information is required by the ASX Limited in respect of public companies and is current as at 27 September 2022.

1. Shareholding CLZ FPO

<u>SIZE OF HOLDINGS</u>	<u>NUMBER OF HOLDERS</u>	<u>Ordinary Shares</u>
1 to 1,000	590	243,479
1,001 to 5,000	3,151	8,801,571
5,001 to 10,000	1,925	13,737,940
10,001 to 100,000	2,893	94,380,910
100,001 and over	584	338,668,664
TOTAL	9,143	455,832,564

- The number of shareholdings held which comprise less than a marketable parcel is 7,359 shareholders holding 52,213,849 shares.
- As at 27 September 2022 there are no restricted shares.
- There are 1 substantial shareholder in the Company's registry as at 27 September 2022.
- The voting rights attached to the ordinary shares:
Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Top 20 Shareholders as at 27 September 2022

Rank	Rank Name	Units	% of Units
1	BEIRNE TRADING PTY LTD	29,712,382	6.52
2	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	11,540,562	2.53
3	GOLD PROCESSING EQUIPMENT PTY LTD	9,250,778	2.03
4	MS CHUNYAN NIU	8,468,983	1.86
5	MR BIN LIU	8,000,000	1.76
6	MR BIN LIU	7,605,518	1.67
7	ROTHERWOOD ENTERPRISES PTY LTD	7,376,282	1.62
8	MR HONG WANG	7,000,000	1.54
9	BNP PARIBAS NOMINEES PTY LTD	6,023,399	1.32
10	GOLD PROCESSING EQUIPMENT PTY LTD	4,500,000	0.99
11	NEWS MINERALS PTY LTD	4,221,707	0.93
12	CTRC PTY LTD	4,040,414	0.89
13	BIOSYNERGY INTERNATIONAL PTY LTD	4,000,000	0.88
13	MR CHAO GUO	4,000,000	0.88
13	LAPHAMS HARDWARE PTY LTD	4,000,000	0.88
14	MR MARX LIN	3,800,000	0.83
15	G8 MANAGEMENT PTY LTD	3,000,000	0.66
16	SUPERHERO SECURITIES LIMITED	2,935,560	0.64
17	CITICORP NOMINEES PTY LIMITED	2,715,851	0.60
18	EUTHENIA TYCHE PTY LTD	2,700,000	0.59
19	MR DAVID REGINALD HUGHES & MRS CHRISTINE MADELINE HUGHES	2,666,666	0.59
20	FOSKIN PTY LTD	2,604,666	0.57
	Totals:	140,162,768	30.75
	Total Remaining Holders Balance	315,669,796	69.25
	Total Holders Balance	455,832,564	100.00

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

As at 27 September 2022

CLZOA Listed Options:

Exercise Price: \$0.003/\$0.45 (post-consolidation)

Expiry Date: 03 February 2024

<u>SIZE OF HOLDINGS</u>	<u>NUMBER OF HOLDERS</u>	<u>Securities</u>
1 to 1,000	2,707	1,307,338
1,001 to 5,000	1,917	4,676,809
5,001 to 10,000	399	2,980,521
10,001 to 100,000	372	10,908,934
100,001 and over	53	20,663,084
TOTAL	5,448	40,536,686

The number of options held which comprise less than a marketable parcel is 5,410 holders holding 21,465,894 options.

Top 20 Options Holders as at 27 September 2022

Rank	Rank Name	Units	% of Units
1	MR CONSTANDINE KOUNDOURIS	4,044,128	9.98
2	PAUL THOMSON FURNITURE PTY LTD	2,370,574	5.85
3	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	1,355,441	3.34
4	MS JING HU	1,258,333	3.10
5	JANAMA ASSET MANAGEMENT PTY LTD	1,183,333	2.92
6	VICTOR REGINALD HAREB	1,001,666	2.47
7	MR DO SHIK HONG & MRS CHUN SOOK HONG	610,583	1.51
8	GOLDBRIDGE SL PTY LTD	433,333	1.07
9	MR DANNY DAVID COGILL & MRS KYM MAREE COGILL	400,000	0.99
10	GOLD PROCESSING EQUIPMENT PTY LTD	361,166	0.89
11	MRS RHIANNON LILLIAN-JESSIE HANEY	359,693	0.89
12	MS NARELLE GIANSIRACUSA	352,333	0.87
13	SUPERHERO SECURITIES LIMITED	339,619	0.84
14	MR JORDAN STEWART	336,000	0.83
15	ANELES CONSULTING SERVICES PTY LTD	329,298	0.81
16	MR GODFREY AGIUS	300,000	0.74
17	MR VINCENT JASON LOCCISANO	294,416	0.73
18	CITICORP NOMINEES PTY LIMITED	290,947	0.72
19	MR YANG YE	264,347	0.65
20	MR SHANKAR GAUTAM	238,222	0.59
Totals:		16,123,432	39.77
Total Remaining Holders Balance		24,413,254	60.23
Total Holders Balance		40,536,686	100.00

CLASSIC MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Date of options granted	Number of shares under option	Exercise price of option	Expiry date of option
03/02/2021	4,218,195,883	\$0.003	03/02/2024
10/02/2021	18,000,000	\$0.003	03/02/2024
10/02/2021	18,000,000	\$0.003	03/02/2024
10/05/2021	18,000,000	\$0.003	03/02/2024
10/05/2021	18,000,000	\$0.003	03/02/2024
17/06/2021	400,000,000	\$0.003	03/02/2024
24/06/2021	21,000,000	\$0.003	03/02/2024
24/06/2021	9,000,000	\$0.003	03/02/2024
24/09/2021	21,000,000	\$0.003	03/02/2024
24/09/2021	9,000,000	\$0.003	03/02/2024
22/03/2022	492,426,471	\$0.003	03/02/2024
01/04/2022	88,235,294	\$0.003	03/02/2024
TOTAL	5,330,857,648		
