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CLASSIC MINERALS LIMITED

ABN 77 119 484 016

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2020

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DIRECTORS: John Lester (Non-Executive Chairman)
Frederick Salkanovic (Non-Executive Director)
Lu Ning Yi (Non-Executive Director)
Stephen John O’Grady (Non-Executive Director)

KEY MANAGEMENT: Dean Goodwin (Chief Executive Officer)

**COMPANY
SECRETARY:** Madhukar Bhalla

**REGISTERED AND
PRINCIPAL OFFICE:** 71 Furniss Road
Landsdale WA 6065

ABN: 77 119 484 016

AUDITOR: Bentleys Audit & Corporate (WA) Pty Ltd
Level 3, 216 St Georges Terrace
Perth WA 6000

SHARE REGISTRY: Advanced Share Registry Services
110 Stirling Highway
Nedlands WA 6009

ASX CODE: CLZ

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Your Directors submit their report for Classic Minerals Limited ("Classic or the Company") for the half-year ended 31 December 2020.

DIRECTORS

The names of the Company's Directors in office during the half-year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

John Lester
Frederick Salkanovic
Lu Ning Yi
Stephen John O'Grady

PRINCIPAL ACTIVITY

The principal activity of the Company during the financial year was the exploration of mineral resource projects, focusing on gold and nickel.

REVIEW OF OPERATIONS

The loss for the half year ended 31 December 2020 was \$5,055,324 (2019: loss of \$9,118,076). As at 31 December 2020, the company had 16,734,968,306 shares on issue and 1,252,134,396 options on issue.

Exploration Activities

During the half year ended 31 December 2020, below are the activities conducted by the Company.

Forrestania Gold Project and Kat Gap Gold Project

The main thrust of exploration has been at Kat Gap with minimal work at the Tangerine Trees and Van Uden West gold projects within the Forrestania gold project. The Company completed a record breaking 128 RC holes for 10,565m across its tenement holding.

Classic continued its work at the 100% owned Kat Gap tenements about 70 km to the South East of the Lady Ada and Lady Magdalene gold resources. Drilling was mainly focused on infill work to 10m x 10m and 20m x 10m grid spacing in readiness for final open pit optimisation and financial analysis. Results for a portion of the infill program have been received however the majority remain pending. Drilling was also undertaken to test the plunge direction of near surface high grade gold mineralisation on the granite-greenstone contact.

Classic completed two small drilling programs at Tangerine Trees and Van Uden West following up on previous and historical RAB and RC drilling.

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.

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REVIEW OF OPERATIONS

Exploration Activities (continued)

Forrestania Gold Project and Kat Gap Gold Project (continued)

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

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

Additional technical detail on the Mineral Resource estimation is provided, further in the text below and in the JORC Table 1 as attached to ASX announcements dated 18 December 2019, 21 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*

Kat Gap Gold Project

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

During the half year, Classic completed a total of **112 RC holes for 9,491m at Kat Gap**. The company has received assay results for only 19 RC holes (FKGRC248 – 266) for 1,260m of the total 112 holes drilled. The drilling programs consisted of 83 infill holes for 5,588m, 18 deeper holes for 2,824m and 11 holes for 954m out in the granite. The remaining holes will be reported on as soon as the assays become available.

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REVIEW OF OPERATIONS

Exploration Activities (continued)

Kat Gap Gold Project (continued)

The completed drill holes were designed to:

- Infill shallow mineralisation to better understand the nearer surface resource.
- Test the potential down plunge of near surface high grade gold mineralisation.
- Test the extreme southern end of the large auger soil gold anomaly out in the granite, and
- Provide more detailed resource model data for final open pit design work.

Infill RC holes FKGRC248 – 266 are located 100m to 200m north along strike from the cross cutting Proterozoic dyke and form part of the much larger infill drilling pattern. The holes have been drilled on 20m x 10m and 10m x 10m grid spacings to bring the near surface parts of the inferred resource to indicated status prior to final pit design work. The 83-hole infill RC drilling program covers an area 400m along strike to the north of the Proterozoic dyke.

The infill drilling was focused on testing the main granite-greenstone contact lode within the existing inferred resource to an average depth of 75m below surface.

Infill drilling has confirmed continuity of mineralised zones within the inferred resource model north of the Proterozoic dyke. Mineralisation remains open in all directions.

Classic has accelerated its exploration effort over this financial year to better understand the significance and nature of the mineralisation at Kat Gap and has been rewarded with many stunning gold intersections.

Better results from the infill holes include:

- 7m @ 2.33g/t Au from 33m in FKGRC249
- 3m @ 2.47g/t Au from 26m in FKGRC250
- 15m @ 2.97g/t Au from 38m including 4m @ 9.13g/t Au from 38m in FKGRC251
- 2m @ 16.57 g/t Au from 46m including 1m @ 30.30g/t Au from 46m in FKGRC252
- 6m @ 4.07g/t Au from 61m including 1m @ 16.10g/t Au from 65m in FKGRC254
- 2m @ 6.22g/t Au from 56m in FKGRC257
- 4m @ 8.97g/t Au from 46m including 1m @ 23.40g/t Au from 46m in FKGRC262
- 10m @ 3.24g/t Au from 54m including 1m @ 18.40g/t Au from 54m FKGRC263
- 3m @ 3.87g/t Au from 63m in FKGRC264

Deeper RC holes testing the down plunge potential are all located within 100m north along strike from the cross cutting Proterozoic dyke and form part of the much larger future deeper drilling program. A total of 18 holes for 2,824m (FKGRC320 – 333 and FKGRC 339 – 342) were completed during the half year. Early indications from gold panning on-site during the drilling show a potential northerly plunge of about 45 degrees linked to the flattening of the granite-greenstone contact. If assay results confirm the observations made on-site the plunge line is wide open to the north.

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REVIEW OF OPERATIONS**Exploration Activities (continued)**Kat Gap Gold Project (continued)

Shallow RC drilling was carried out down the extreme southern end of the large auger soil gold anomaly located west out into the granite. A total of 11 holes for 954m (FKGRC314 – 319 and FKGRC334 – 338) were completed. Two drill lines were completed on 140m spacing with 20m spacing between holes on the line. The drilling intercepted a 35m thick raft of footwall amphibolite within the granite. Minor quartz veining and disseminated sulphides plus small amounts of panned free gold were observed. The drilling is south along strike from the main auger soil gold anomaly and is an exciting new development for the Company. Further drilling north along strike into the main area of the auger soil gold anomaly is planned for the next half year. Assays are pending.

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

Tangerine Trees Gold Prospect

Tangerine Trees forms part of the FGP and is located some 21km north-west of Kat Gap. It lies on the western margin of the Forrestania Greenstone Belt adjacent to the granite – greenstone contact similar in geological setting to Kat Gap. Classic drilled 13 RC holes FTTRC001-013 for 834m back in early August following up historical RC drill holes containing anomalous gold assays close to surface. The historical holes were completed back in the late 1980's. Classics recent drill results indicate a shallow east dipping shear system within footwall amphibolites containing intense biotite alteration and heavy silicification similar in style to other gold occurrences in the Forrestania area. Transported clays and sands around 4-5m thick cover the primary gold mineralisation making it difficult at this early stage to ascertain where we might be in the overall gold mineralisation system.

Better results from Classics recent holes include:

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

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REVIEW OF OPERATIONS**Exploration Activities (continued)**Van Uden West Prospect

Van Uden West prospect is surrounded by historic gold mines Van Uden and Teddy Bear and is situated 11km NW along strike from Lady Magdalene and Lady Ada.

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

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

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.

Corporate Activities

During the half year ended 31 December 2020 the Company carried out several key activities with positive outcomes.

Capital raising activities included an extremely successful Share Purchase Plan which was oversubscribed and raised \$3,992,939.

Continuing in our collaboration with CSIRO we successfully lodged a claim for Research & Development Grant (R&D) from AusIndustry, as per government guidelines. The Company is pleased to report that the full amount applied for was approved and \$1,943,418 was received by the Company on 20th October 2020. As an advance had been drawn from Radium Capital, based on the R&D, this outstanding amount (~\$1.1 million) was repaid immediately.

The Company also carried out a placement underwritten by Raisebook Pty Ltd. The Placement was 3 times oversubscribed and raised \$1,200,000.00 (before costs).

REVIEW OF OPERATIONS**Corporate Activities (continued)**

The Directors announced, on 20 November 2020, that all shareholders as of Record Date of 22 January 2021 will receive One bonus Loyalty Option for every 4 shares held. This date of 22 January 2021 was changed to 25 January 2021 as announced on 19 January 2021. These Options will be exercisable at \$0.003 anytime within 3 years from issue date. They are being issued to reward shareholders for their loyalty as the company continues its transition from an exploration company to a mine developer and minerals producer. Subsequent to the half-year end, these options were issued on 3 February 2021.

Part delivery of the Gekko plant was received. The supply of the remainder will be announced to market when arrangements have been completed.

The objection over the proposed mining lease lodged by Western Areas was withdrawn after amicable discussions. The approval for the grant on mining lease is now set to proceed and brings Classic one more step closer to Gold production.

The directors continue to raise much needed capital to ensure that the Company can progress to production of gold as soon as practicable subsequent to receipt of Mining Lease and the Clearing Permits.

COMPETENT PERSON STATEMENT

The information in this announcement that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dean Goodwin a competent person who is a Member of the Australian Institute of Geoscientists (AIG). Mr Goodwin has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Goodwin consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

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SUBSEQUENT EVENTS

Please refer to Note 2 of the financial statements

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under s.307C of the Corporations Act 2001 is included on page 10 of the half-year financial report.

This report is signed in accordance with a resolution of the Board of Directors.



John Lester
Non-Executive Chairman

2 March 2021

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To The Board of Directors

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

As lead audit Partner for the review of the financial statements of Classic Minerals Limited for the half year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully



BENTLEYS
Chartered Accountants



CHRIS NICOLOFF CA
Partner

Dated at Perth this 2nd day of March 2021

Independent Auditor's Review Report

To the Members of Classic Minerals Limited

Conclusion

We have reviewed the accompanying half-year financial report of Classic Minerals Limited ("the Company") which comprises the condensed statement of financial position as at 31 December 2020, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Classic Minerals Limited does not comply with the *Corporations Act 2001* including:

- a. Giving a true and fair view of the Classic Minerals Limited financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review 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* that are relevant to our audit of the annual 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 review report.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss of \$5,055,324 during the half year ended 31 December 2020. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

The logo for Bentleys Chartered Accountants, featuring the word "Bentleys" in a stylized, cursive blue font.

BENTLEYS
Chartered Accountants

A handwritten signature in blue ink that reads "Chris Nicoloff".

CHRIS NICOLOFF CA
Partner

Dated at Perth this 2nd day of March 2021

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**CONDENSED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**



| | Note | Half-Year Ended 31 Dec 2020 \$ | Half-Year Ended 31 Dec 2019 \$ |
|--|------|---|---|
| Research & development rebate | | 1,943,418 | 1,314,506 |
| Other income | 4 | 98,112 | 185 |
| Employee benefits and consultant expenses | | (458,914) | (1,044,729) |
| Advertising and marketing expenses | | (297,292) | (284,520) |
| Legal expenses and professional fees | | (190,485) | (433,597) |
| Commissions | | - | (1,676) |
| Depreciation and amortisation expenses | | (119,642) | (63,594) |
| Exploration expenses | | (4,117,127) | (4,020,187) |
| Financing charges | | (339,202) | (547,010) |
| Travel expenses | | (9,680) | (39,204) |
| Occupancy expenses | | (59,406) | (8,033) |
| Loss on asset disposal | | (9,370) | (2,331) |
| Administration expenses | 5 | (1,495,736) | (3,987,886) |
| Loss before income tax expense | | (5,055,324) | (9,118,076) |
| Income tax (expense) / benefit | | - | - |
| Loss after income tax for the year | | (5,055,324) | (9,118,076) |
| Other comprehensive income for the year | | - | - |
| Total comprehensive loss for the year | | (5,055,324) | (9,118,076) |
| Basic loss per share (cents) | | (0.04) | (0.18) |

This condensed statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

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CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020



| | Note | 31 Dec 2020 \$ | 30 Jun 2020 \$ |
|--------------------------------------|-------|-------------------|--------------------|
| Current Assets | | | |
| Cash and cash equivalents | | 724,052 | 488,608 |
| Trade and other receivables | 6 | 76,908 | 104,087 |
| Other current assets | 7 | 100,812 | 167,071 |
| Total Current Assets | | 901,772 | 759,766 |
| Non-Current Assets | | | |
| Exploration and evaluation | 8 | 2,910,000 | 1,826,540 |
| Right to use assets | 9 | 101,979 | 129,791 |
| Plant and equipment | 10 | 3,652,013 | 684,733 |
| Total Non-Current Assets | | 6,663,992 | 2,641,064 |
| Total Assets | | 7,565,764 | 3,400,830 |
| Current Liabilities | | | |
| Trade and other payables | 11 | 2,413,830 | 3,237,299 |
| Provisions | | 108,491 | 79,588 |
| Lease liabilities | | 57,332 | 54,894 |
| Borrowings | 12 | 800,000 | 1,872,181 |
| Total Current Liabilities | | 3,379,653 | 5,243,962 |
| Non-Current Liabilities | | | |
| Lease liabilities | | 51,681 | 81,070 |
| Total Non-Current Liabilities | | 51,681 | 81,070 |
| Total Liabilities | | 3,431,334 | 5,325,032 |
| Net Assets/(Liabilities) | | 4,134,430 | (1,924,202) |
| Equity | | | |
| Issued capital | 13(a) | 46,956,779 | 35,866,038 |
| Reserves | 13(b) | 3,037,891 | 3,014,676 |
| Accumulated losses | | (45,860,240) | (40,804,916) |
| Total Equity | | 4,134,430 | (1,924,202) |

This condensed statement of financial position should be read in conjunction with the accompanying notes.

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**



| | Issued capital | Share-based payment reserve | Accumulated losses | Total |
|---|-------------------|-----------------------------------|-----------------------|--------------------|
| | \$ | \$ | \$ | \$ |
| Balance at 1 July 2019 | 24,482,958 | 164,923 | (25,135,730) | (487,849) |
| Loss for the half-year | - | - | (9,118,076) | (9,118,076) |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income/(loss) for the half-year | - | - | (9,118,076) | (9,118,076) |
| Transactions with owners recorded directly in equity | | | | |
| Options issued | - | 597,702 | - | 597,702 |
| Performance rights issued | - | 1,284,587 | - | 1,284,587 |
| Shares issued (net of expenses) | 8,557,360 | - | - | 8,557,360 |
| Balance as at 31 December 2019 | 33,040,318 | 2,047,212 | (34,253,806) | 833,724 |
| Balance at 1 July 2020 | 35,866,038 | 3,014,676 | (40,804,916) | (1,924,202) |
| Loss for the half-year | - | - | (5,055,324) | (5,055,324) |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income/(loss) for the half-year | - | - | (5,055,324) | (5,055,324) |
| Transactions with owners recorded directly in equity | | | | |
| Options issued | - | 23,215 | - | 23,215 |
| Shares issued (net of expenses) | 11,090,741 | - | - | 11,090,741 |
| Balance as at 31 December 2020 | 46,956,779 | 3,037,891 | (45,860,240) | 4,134,430 |

This condensed statement of changes in equity should be read in conjunction with the accompanying notes.

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**CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**



| | Half-Year Ended 31 Dec 2020 \$ | Half-Year Ended 31 Dec 2019 \$ |
|---|---|---|
| Cash flow from operating activities | | |
| Receipt of research and development rebate | 1,943,418 | 1,314,506 |
| Other income | 97,888 | - |
| Payments to suppliers and employees | (4,856,934) | (3,067,954) |
| Interest paid | (312,395) | (383,785) |
| Interest received | 224 | 67 |
| Net cash flows used in operating activities | (3,127,799) | (2,137,166) |
| Cash flow from investing activities | | |
| Proceeds from sale of assets | 106,000 | 299,640 |
| Purchase of fixed assets | (3,061,334) | 8,569 |
| Purchase of prospects | (150,000) | (452,122) |
| Net cash flows used in investing activities | (3,105,334) | (143,913) |
| Cash flow from financing activities | | |
| Proceeds from issued capital and options placement | 7,898,951 | 2,731,840 |
| Capital raising costs | (278,493) | (163,207) |
| Repayment of loans | (1,343,881) | (749,483) |
| Repayment of lease liability | - | (65,297) |
| Transaction costs related to loans | (108,000) | - |
| Proceeds from short term loans | 300,000 | 850,000 |
| Net cash flows used in financing activities | 6,468,577 | 2,603,853 |
| Net increase / (decrease) in cash and cash equivalents | 235,444 | 322,774 |
| Cash and cash equivalents at beginning of period | 488,608 | 135,123 |
| Cash and cash equivalents at end of period | 724,052 | 457,897 |

This condensed statement of cash flows should be read in conjunction with the accompanying notes.

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1. BASIS OF PREPARATION

These condensed consolidated financial statements for the half-year reporting period ended 31 December 2020 have been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2020 and any public announcements made by Classic Minerals Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

New and amended standards adopted by the Company

Standards and Interpretations applicable in the period ended 31 December 2020

The Directors have reviewed all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are relevant to the Company and effective for the current annual reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to accounting policies.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the period ended 31 December 2020. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Company and, therefore, no change is necessary to accounting policies.

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1. BASIS OF PREPARATION (continued)

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 \$5,055,324 for the period ended 31 December 2020 (2019: \$9,118,076).

The net working capital position of the Company at 31 December 2020 was a deficit of \$2,477,881 (30 June 2020: \$4,484,196). The Company has expenditure commitments relating to exploration expenditure obligations for their projects of \$588,409 which potentially could fall due in the next twelve months.

As disclosed in Note 12, the Company has total borrowings of \$800,000 as at 31 December 2020 of which \$500,000 is payable on 3 April 2021 and \$300,000 is payable on 20 March 2021. The Company has received letters from the financiers stating that the loans will not be called upon until such time the Company has the financial capacity to repay the loans. The loans will be extended and continue to accrue interest until full repayment is made.

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

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

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

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2. SUBSEQUENT EVENTS

On 18 January 2021, the Company issued 300 million shares for settlement of creditors balance.

On 3 February 2021, the Company issued 4,220,222,136 loyalty options exercisable at \$0.003 with an expiry date of 2 February 2024. These options were issued to reward shareholders for their loyalty as the company continues its transition from an exploration company to a mine developer and minerals producer. All shareholders as of Record Date of 22 January 2021 received 1 bonus Loyalty Option for every 4 shares held.

No other circumstances or events have arisen subsequent to the end of the period, that have had, or are likely to have, a material impact on the financial statements.

3. OPERATING SEGMENTS

The Company has only one operating segment. This is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors.

The Company operates in one operating and geographic segment being mineral exploration, and evaluation in Western Australia for the half-year periods ended 31 December 2020 and 31 December 2019.

4. OTHER INCOME

| | 31 Dec 2020 | 31 Dec 2019 |
|----------------------|---------------|-------------|
| | \$ | \$ |
| Government grant (i) | 97,888 | - |
| Interest income | 224 | 185 |
| | <u>98,112</u> | <u>185</u> |

(i) Government grant relates to JobKeeper and Cash Flow Boost received from the Australian government.

5. ADMINISTRATION EXPENSES

| | 31 Dec 2020 | 31 Dec 2019 |
|-------------------------------|------------------|------------------|
| | \$ | \$ |
| Share-based payments (i) | 1,025,297 | 3,815,406 |
| Insurance expenses | 44,649 | 16,509 |
| Telephone expenses | 7,580 | 3,483 |
| Other administration expenses | 418,210 | 152,488 |
| | <u>1,495,736</u> | <u>3,987,886</u> |

(i) Reconciliation of share-based payments expense

| | | |
|--|------------------|------------------|
| Share-based expenses for difference between market value of shares and the value of the creditors paid | 1,025,297 | 2,018,880 |
| Performance rights granted during the period | - | 1,284,587 |
| Options granted during the period | - | 511,939 |
| | <u>1,025,297</u> | <u>3,815,406</u> |

6. TRADE AND OTHER RECEIVABLES

| | 31 Dec 2020 | 30 June 2020 |
|-----------------------------------|------------------|------------------|
| | \$ | \$ |
| Other receivables (i) | 184,349 | 191,053 |
| Less: Provision for doubtful debt | <u>(132,378)</u> | <u>(132,378)</u> |
| | 51,971 | 58,675 |
| Bonds and security deposits | <u>24,937</u> | <u>45,412</u> |
| | <u>76,908</u> | <u>104,087</u> |

(i) \$176,503 (30 June 2020: \$176,503) of this balance relates to receivable from Stock Assist Pty Ltd against which a provision for doubtful debt of \$132,378 (30 June 2020: \$132,378) is applied.

7. OTHER CURRENT ASSETS

| | 31 Dec 2020 | 30 Jun 2020 |
|----------------------|----------------|----------------|
| | \$ | \$ |
| Prepaid expenses (i) | <u>100,812</u> | <u>167,071</u> |
| | <u>100,812</u> | <u>167,071</u> |

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

8. EXPLORATION AND EVALUATION ASSETS

| | 31 Dec 2020 | 30 Jun 2020 |
|----------------------|-------------------------|--------------------|
| | \$ | \$ |
| Forrestania Project | 1,250,000 | 1,250,000 |
| Fraser Range Project | 250,000 | 250,000 |
| Kat Gap Project (i) | 1,410,000 | 326,540 |
| | <u>2,910,000</u> | <u>1,826,540</u> |

Movement in Exploration and Evaluation Assets

| | 31 Dec 2020 |
|-------------------------------------|-------------------------|
| | \$ |
| Opening balance | 1,826,540 |
| Written off to exploration expenses | (26,540) |
| Additions | 1,110,000 |
| | <u>2,910,000</u> |

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

- (i) During the period ended 31 December 2020, the Company entered into an agreement with Goldbridge Pty Ltd to acquire 100% interest in licenses P74/383 and P74/384; and secured a sub-lease on license G74/10. These tenements form part of Kat Gap project. The Company paid \$50,000 in Option Fee, \$500,000 in cash and \$560,000 in shares (560 million shares at 0.1 cent/share).

100 million shares had not been issued and \$400,000 in cash remains payable as at 31 December 2020.

9. RIGHT OF USE ASSETS

| | 31 Dec 2020 | 30 Jun 2020 |
|--------------|-----------------------|--------------------|
| | \$ | \$ |
| Property (i) | 101,979 | 129,791 |
| | <u>101,979</u> | <u>129,791</u> |

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

10. PLANT AND EQUIPMENT

| | Plant & Equipment | Motor Vehicles | Work in Progress (i) | TOTAL |
|-----------------------------------|----------------------|-------------------|----------------------------|------------------|
| Cost | \$ | \$ | \$ | \$ |
| Balance at 1 July 2020 | 417,382 | 601,287 | - | 1,018,669 |
| Additions | 245,291 | 601,161 | 2,328,027 | 3,174,479 |
| Disposals | - | (128,627) | - | (128,627) |
| Transfer from work in progress | 118,129 | - | (118,129) | - |
| Balance at 31 Dec 2020 | 780,802 | 1,073,821 | 2,209,898 | 4,064,521 |
| Accumulated Depreciation | | | | |
| Balance at 1 July 2020 | 120,413 | 213,523 | - | 333,936 |
| Depreciation | 34,274 | 57,556 | - | 91,830 |
| Disposals | - | (13,258) | - | (13,258) |
| Balance at 31 Dec 2020 | 154,687 | 257,821 | - | 412,508 |
| Net Book Value | | | | |
| As at 30 June 2020 | 296,969 | 387,764 | - | 684,733 |
| As at 31 Dec 2020 | 626,115 | 816,000 | 2,209,898 | 3,652,013 |

- (i) The balance in Work in Progress includes an amount related to acquisition of Gekko processing plant for Kat Gap project of \$2,185,000.

11. TRADE AND OTHER PAYABLES

| | 31 Dec 2020 | 30 Jun 2020 |
|---|-------------------------|-------------------------|
| | \$ | \$ |
| Trade and other creditors (i) | 2,112,246 | 1,808,764 |
| Shares to be issued | (30,000) | 205,000 |
| Deed of termination (ii) | - | 750,000 |
| Accrued expenses | 228,883 | 318,020 |
| Accrued interest on loans from shareholders | 46,036 | 125,376 |
| Accrued wages | 56,665 | 30,139 |
| | <u>2,413,830</u> | <u>3,237,299</u> |

(i) Trade payables are non-interest bearing and are normally settled on 30-60 day terms. As at 31 Dec 2020, the amount of trade payables was \$2,104,377 (30 June 2020: \$1,523,632) and the amount exceeding normal trading terms totalling \$954,754 (30 June 2020: \$595,018)

(ii) This relates to the termination of the Royalty Agreement with Stock Assist Group Pty Ltd which has been settled by the Company issuing of 750 million shares during the period ended 31 December 2020.

12. BORROWINGS

| | 31 Dec 2020 | 30 Jun 2020 |
|--|-----------------------|-------------------------|
| | \$ | \$ |
| Current | | |
| Loans from shareholders (i) | 500,000 | 751,048 |
| Loan from Gold Processing Equipment (ii) | 300,000 | - |
| Loan from Radium Capital | - | 1,058,252 |
| Loan from iQumulate and Hunter Premium Funding (insurance) | - | 62,881 |
| | <u>800,000</u> | <u>1,872,181</u> |

(i) This is a short-term loan from the Company's shareholder secured against the Company's assets under Personal Property Securities Register (PPSR) and accrues an interest of 3% per month. The loan was due to mature on 3 February 2021, but the maturity date has been extended to 3 April 2021. The loan is not expected to be called upon until such time the Company has the financial capacity to repay the loans. The loans will be extended and continue to accrue interest until full repayment is made.

(ii) This is a short-term loan secured against the Company's assets under Personal Property Securities Register (PPSR) and accrues an interest of 3% per month. The loan was due to mature on 20 January 2021, but the maturity date has been extended to 20 March 2021. The loan is not expected to be called upon until such time the Company has the financial capacity to repay the loans. The loans will be extended and continue to accrue interest until full repayment is made.

13. ISSUED CAPITAL & RESERVES

(a) Issued Capital

| | No. of shares | \$ |
|--|-----------------------|-------------------|
| Issue of ordinary shares during the half-year | | |
| As at 1 July 2020 | 9,352,942,427 | 35,866,038 |
| Shares placement (i) | 5,370,138,688 | 8,035,073 |
| Exercise of options (ii) | 37,832,090 | 75,664 |
| Shares issued for creditors payment (iii) | 1,812,355,101 | 2,054,800 |
| Shares issued for borrowing costs (iv) | 36,700,000 | 53,400 |
| Shares issued for loan repayment (v) | 125,000,000 | 125,000 |
| Share-based expenses for difference between market value of shares and the value of the creditors paid | - | 1,025,297 |
| Less: Capital raising cost | - | (278,493) |
| As at 31 December 2020 | 16,734,968,306 | 46,956,779 |
| As at 1 July 2019 | 3,005,719,906 | 24,482,958 |
| Shares placement (vi) | 3,333,750,000 | 4,197,840 |
| Exercise of options (vii) | 2,706,772,521 | 4,471,359 |
| Shares issued for creditors payment (viii) | 66,700,000 | 123,400 |
| Shares issued for borrowing costs (ix) | 140,000,000 | 280,000 |
| Shares issued for loan repayment (x) | 100,000,000 | 100,000 |
| Share-based expenses for difference between market value of shares and the value of the creditors paid | - | 2,622,378 |
| Less: Capital raising cost | - | (411,897) |
| As at 30 June 2020 | 9,352,942,427 | 35,866,038 |

- (i) The Company completed the following shares placement to raise capital for working capital and exploration activities:
- On 23 July 2020, the Company issued 490,000,000 shares at an average share price of 0.135 cents
 - On 10 August 2020, the Company issued 2,037,213,719 million shares at an average share price of 0.196 cents
 - On 12 August 2020, the Company issued 169,456,123 shares at an average share price of 0.196 cents
 - On 13 August 2020, the Company issued 7,653,061 shares at an average share price of 0.196 cents
 - On 5 October 2020, the Company issued 244,387,754 shares at an average share price of 0.198 cents
 - On 20 November 2020, the Company issued 1,371,428,031 shares at an average share price of 0.109 cents
 - On 30 December 2020, the Company issued 1,050,000,000 shares at an average share price of 0.1 cents
- (ii) On 13 August 2020, 37,832,090 options were exercised with an exercise price of 0.2 cents

13. ISSUED CAPITAL & RESERVES (continued)

(a) Issued Capital (continued)

- (iii) The Company issued the following shares to reduce its creditors balance:
- On 23 July 2020, the Company issued 59,200,000 shares at an average share price of 0.108 cents
 - On 12 August 2020, the Company issued 268,086,734 shares at an average share price of 0.133 cents
 - On 13 August 2020, the Company issued 619,668,367 shares at an average share price of 0.107 cents
 - On 5 October 2020, the Company issued 52,700,000 shares at an average share price of 0.2 cents
 - On 20 November 2020, the Company issued 412,700,000 shares at an average share price of 0.113 cents
 - On 30 December 2020, the Company issued 400,000,000 shares at an average share price of 0.1 cents
- (iv) The Company issued the following shares as part of loan establishment fees:
- On 20 November 2020, the Company issued 20,000,000 shares at an average price of 0.1 cents
 - On 30 December 2020, the Company issued 16,700,000 shares at an average price of 0.2 cents
- (v) On 20 November 2020, the Company issued 125,000,000 shares at a share price of 0.1 cents to repay the loan from Aneles Consulting Services Pty Ltd for the purchase of a vehicle.
- (vi) The Company completed the following shares placement to raise capital for working capital and exploration activities:
- On 15 July 2019, the Company issued 417,500,000 shares at an average share price of 0.1 cents. Proceeds from 317,160,000 of these shares were already received and recorded as shares to be issued in the prior year.
 - On 2 August 2019, the Company issued 250,000,000 shares at an average share price of 0.1 cents
 - On 26 August 2019, the Company issued 19,000,000 shares at an average share price of 0.1 cents
 - On 9 September 2019, the Company issued 400,000,000 shares at an average share price of 0.13 cents
 - On 22 October 2019, the Company issued 220,000,000 shares at an average share price of 0.24 cents
 - On 22 November 2019, the Company issued 270,000,000 shares at an average share price of 0.25 cents
 - On 24 December 2019, the Company issued 141,250,000 shares at an average share price of 0.21 cents
 - On 27 December 2019, the Company issued 40,000,000 shares at an average share price of 0.25 cents
 - On 7 February 2020, the Company issued 150,000,000 shares at an average share price of 0.2 cents
 - On 11 May 2020, the Company issued 786,000,000 shares at an average share price of 0.1 cents
 - On 18 June 2020, the Company issued 640,000,000 shares at an average share price of 0.1 cents

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13. ISSUED CAPITAL & RESERVES (continued)

(a) Issued Capital (continued)

- (vii) The Company issued the following shares to reduce its creditors balance:
- On 15 July 2019, the Company issued 377,800,000 shares at an average share price of 0.09 cents
 - On 2 August 2019, the Company issued 113,000,000 shares at an average share price of 0.1 cents
 - On 26 August 2019, the Company issued 150,000,000 shares at an average share price of 0.1 cents
 - On 9 September 2019, the Company issued 142,800,000 shares at an average share price of 0.15 cents
 - On 15 October 2019, the Company issued 5,000,000 shares at an average share price of 0.25 cents
 - On 22 October 2019, the Company issued 426,000,000 shares at an average share price of 0.25 cents
 - On 22 November 2019, the Company issued 478,020,000 shares at an average share price of 0.19 cents
 - On 24 December 2019, the Company issued 353,333,333 shares at an average share price of 0.23 cents
 - On 29 February 2020, the Company issued 36,000,067 shares at an average share price of 0.3 cents
 - On 26 March 2020, the Company issued 73,227,567 shares at an average share price of 0.27 cents
 - On 11 May 2020, the Company issued 20,000,000 shares at an average share price of 0.1 cents
 - On 18 June 2020, the Company issued 531,591,554 shares at an average share price of 0.1 cents
- (viii) The Company issued the following shares as part of loan establishment fees:
- On 15 July 2019, the Company issued 20,000,000 shares at an average share price of 0.1 cents, the cost for which was already expensed in the prior year
 - On 24 December 2019, the Company issued 16,700,000 shares at an average share price of 0.2 cents
 - On 30 December 2019, the Company issued 30,000,000 shares at an average share price of 0.3 cents
- (ix) On 15 October 2019 and 3 December 2019, 35,000,000 options and 105,000,000 options respectively were exercised with an exercise price of 0.2 cents
- (x) On 26 March 2020, the Company issued 100,000,000 shares at a share price of 0.1 cents to repay the loan from Whead Pty Ltd

13. ISSUED CAPITAL & RESERVES (continued)

(b) Reserves

| | | |
|-----------------------------------|-----------------------|------------------|
| Option reserve | No. of options | \$ |
| As at 1 July 2020 | 1,057,823,686 | 1,047,176 |
| Options placement (i) | 232,142,800 | 23,215 |
| Exercise of options (ii) | (37,832,090) | - |
| As at 31 December 2020 | 1,252,134,396 | 1,070,391 |
| | | |
| Performance rights reserve | No. of rights | \$ |
| As at 1 July 2020 | 705,000,000 | 1,967,500 |
| Expired (iii) | (705,000,000) | - |
| As at 31 December 2020 | - | 1,967,500 |
| | | |
| Total reserves | | 3,037,891 |

(i) The Company completed the following options placement to raise capital for working capital and exploration activities. All the options were issued at 0.01 cents per option with an exercise price of 0.2 cents and expiry date of 1 March 2022:

- 100,000,000 options were issued on 23 July 2020
- 75,000,000 options were issued on 5 October 2020
- 57,142,800 options were issued on 20 November 2020

(ii) On 13 August 2020, 37,832,090 options were exercised at 0.2 cents per option

(iii) 705,000,000 performance rights expired during the half-year ended 31 December 2020 with none of the performance conditions were met.

14. FAIR VALUES OF FINANCIAL INSTRUMENTS

Recurring fair value measurements

The Company does not have any financial instruments that are subject to recurring or non-recurring fair value measurements.

Fair values of financial instruments not measured at fair value

Due to their short-term nature, the carrying amounts of current receivables and current trade and other payables is assumed to equal their fair value.

15. CONTINGENCIES

There has been no change in contingent liabilities since the last annual reporting date (30 June 2020: nil)

**DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

The directors declare that:

- (a) 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; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Board



**John Lester
Non-Executive Chairman**

2 March 2021

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