

02 Aug 2021

Dear Shareholder,

INVITATION TO PARTICIPATE IN SHARE PURCHASE PLAN

On 02 Aug 2021, Classic Minerals Limited (**Classic** or **Company**) announced its intention to undertake an offer of fully-paid ordinary shares in the Company (**Shares**) to eligible shareholders under a share purchase plan at an issue price of \$0.0013 per Share to raise up to \$8.4 million (**SPP Offer**).

On behalf of the Directors, I am pleased to offer Eligible Shareholders, as defined in Section 2 of the enclosed terms and conditions (**SPP Terms and Conditions**) the opportunity to participate in the SPP Offer. Details of the SPP Offer are set out in this letter and the enclosed SPP Terms and Conditions.

The SPP Offer allows Eligible Shareholders to subscribe for up to \$30,000.00 worth of new Shares, irrespective of the size of their shareholding, without incurring brokerage or other transaction costs. The SPP Offer is only available to Eligible Shareholders who were registered as holders of fully paid ordinary shares in the Company as at 5:00pm (WST) on 30 July 2021 and whose registered address is in Australia or New Zealand.

Participation in the SPP Offer is open to Eligible Shareholders, including Eligible Shareholders who are custodians on behalf of Eligible Beneficiaries. All Shares issued under the SPP Offer will rank equally with existing Shares. The right of Eligible Shareholders to participate in the SPP Offer is not transferable.

The issue price of the SPP Offer represents a 13.33% discount to the volume-weighted average trading price of the Company's shares on the Australian Securities Exchange (**ASX**) during the 5 trading days immediately prior to the announcement date of the SPP Offer and is a 35% discount to the closing price of the Company's Shares on ASX on the last trading day immediately prior to the announcement date of the SPP Offer.

The SPP Offer opens on Monday 02 Aug 2021 and is expected to close at 5:00pm (Perth time) Monday 16 Aug 2021 (**Closing Date**). However, Classic reserves the right to close the SPP Offer early in the event that it is oversubscribed.

Eligible Shareholders may participate by selecting one of the alternatives set out in Section 4 of the SPP Terms and Conditions enclosed.

To apply for a parcel of Shares under the SPP Offer, please read the SPP Terms & Conditions and follow the instructions in the enclosed Application Form.

Classic Minerals Limited ABN 77 119 484 016 ASX: CLZ

Address: 71 Furniss Road, Landsdale, WA 6065 • **Postal:** PO Box 1318, Wangara DC WA 6947

Phone: +61 8 6305 0221 • **Web:** www.classicminerals.com.au • **Email:** contact@classicminerals.com.au

Use of funds

The Company seeks to raise up to \$8.4 million net of costs through the SPP. The Company, however, reserves absolute discretion regarding the final amount raised under the SPP, subject to the ASX Listing Rules.

Funds raised pursuant to the SPP will be applied for the purpose of accelerating exploration and production activities at the Company's Kat Gap project:

Use of funds	Amount
16,000m drill program, including assay and reporting costs, at the Kat Gap Gold Project expected to commence in the current quarter (Aug – Dec 21)	\$1,600,000
4,000m drill program, including assay and reporting costs, at the Lady Magdalene gold resource expected to commence in the current quarter (Aug – Dec 21).	\$400,000
4,000m drill program, including assay and reporting costs, at the Matrix gold target expected to commence in the quarter (Aug – Dec 21)	\$400,000
Development site works for Mining Lease at Kat Gap	\$1,200,000
10,000m Diamond drilling program, including assay and reporting costs, at the Kat Gap Gold Project expected to commence in the period Dec 21 – April 22.	\$1,500,000
14,000m drill program, including assay and reporting costs, at the Kat Gap Gold Project expected to commence in the period Dec 21 – May 22.	\$1,680,000
5,000m drill program, including assay and reporting costs, at the Lady Ada gold resource expected to commence in the period Dec 21 – May 22.	\$600,000
4,000m drill program, including assay and reporting costs, at the Matrix gold target expected to commence in the period March – May 22.	\$480,000
Exploration Staffing costs, transport, field supplies, rents & rates, database management, resource calculations and fuel costs	\$540,000
Proposed Total Funding	\$8,400,000

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Additional Information and Important Dates

The maximum amount proposed to be raised under the SPP Offer is \$8.4 million. In the event of oversubscription, the Directors will scale back applications on an equitable basis. If the Company rejects or scales back an application, the Company will promptly return to the shareholder the relevant application moneys, without interest.

Shares allotted under the SPP Offer will be issued no later than 5 business days after the Closing Date. Application for quotation on ASX of the new Shares will be made immediately following the issue of those Shares.

The market price of Shares in the Company may change between the date of the SPP Offer and the date that any Shares are issued to you as a result of your acceptance of this SPP Offer. This means that the subscription price you pay for the Shares may exceed or be at a discount to the market price of the Shares at the date of issue of Shares under this SPP Offer. The Board recommends that you obtain your own financial advice in relation to the SPP Offer and consider price movements of Shares in the Company prior to accepting this SPP Offer.

Indicative Timetable

Record Date:	5.00pm (WST) on 30 July 2021
Opening date of SPP Offer:	02 Aug 2021
Closing Date of SPP Offer:	5.00pm (WST) on 16 Aug 2021
Announcement of SPP Offer results:	20 Aug 2021
Issue of Shares:	23 Aug 2021

These dates are indicative only. The Company may vary the dates and times of the SPP Offer without notice. Accordingly, shareholders are encouraged to submit their Entitlement and Acceptance Forms as early as possible.

Should you wish to discuss any information contained in this letter further, do not hesitate to contact the Company on +61 8 6305 0221.

Yours sincerely,

John Lester
Chairman

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CLASSIC MINERAL LIMITED ACN 119 484 016

Share Purchase Plan – Terms & Conditions

The following are the Terms & Conditions of the Classic Minerals Share Purchase Plan (**SPP**). By participating in the SPP, you agree to be bound by the Terms & Conditions and the Company's constitution.

1. Opening Date and Closing Date of the SPP

The SPP Offer opens on 02 Aug 2021 and is expected to close at 5:00pm (Perth time) on 16 Aug 2021 (**Closing Date**). However, the Company reserves the right to close the SPP Offer early in the event that it is oversubscribed.

2. Eligible Shareholders

Holders of Shares that are registered with an Australian or New Zealand address at the Record Date, being 5.00pm (WST) on 30 July 2021, may participate in the SPP. Due to foreign securities laws, it is not practical for shareholders resident in other countries to be offered the opportunity to participate in the SPP.

Offers made under the SPP are non-renounceable (i.e. eligible Shareholders may not transfer their rights to Shares offered under the SPP).

Subject to paragraph 7 below, the maximum amount which any shareholder may subscribe for under a share purchase plan in any 12-month period, is \$30,000. The Directors may also determine in their discretion the minimum amount for participation, the multiple of Shares to be offered under the SPP and the period the SPP Offer is available to eligible shareholders.

If you receive more than one offer to participate in the SPP (for example, because you hold more than one shareholding under separate share accounts), the maximum you may invest under the SPP in all capacities is \$30,000.

If you are recorded with one or more other persons as the joint holder of Shares, that joint holding is considered to be a single holding for the purposes of the SPP. Accordingly, joint holders are only entitled to participate in the SPP in respect of that single holding. If you receive more than one offer under the SPP due to multiple identical holdings, the maximum you may invest under the SPP in all capacities is \$30,000.

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3. Issue Price

The issue price of Shares to be issued under the SPP will be \$ 0.0013 per Share. This price has been determined by calculating the volume-weighted average market price of Shares traded on ASX during the 5 trading days prior to the announcement of the SPP Offer (being \$0.0015) and discounting this calculation by 13.3%.

Shares in the Company are a speculative investment, and the price of Shares might rise or fall between the date of this offer and the date the Shares are issued to you. This means that the price you pay for a Share under the SPP may be greater or less than the price of Shares at the time they are issued to you.

The Company recommends that you monitor the price of Shares on ASX's website at www.asx.com.au (ASX code: CLZ).

4. Applications and Notices

Eligible Shareholders may participate by selecting one of the following alternatives under the SPP Offer:

SPP Offer	Total amount payable	No. of Shares
Offer A	\$30,000	23,076,923
Offer B	\$25,000	19,230,769
Offer C	\$20,000	15,384,615
Offer D	\$15,000	11,538,462
Offer E	\$10,000	7,692,308
Offer F	\$5,000	3,846,154
Offer G	\$2,000	1,538,462

If you would like to participate in the SPP Offer, you can either:

- (a) complete the enclosed Acceptance Form and send it together with your payment by cheque made payable to "Classic Minerals Limited – Application Account" and drawn in Australian currency for the correct amount, to the Company's share registry on or before 5pm (WST) on 16 Aug 2021 - no late applications will be accepted; or

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- (b) make a BPAY® payment from your cheque or savings account by using the Biller Code and Reference Number shown on your Application Form which is required to identify your holding. If you make your payment using BPAY® you do not need to return your Application Form. Payments made by BPAY® received after 5pm (WST) on 16 Aug 2021 will not be accepted.

5. Modification & termination of the SPP

The Company may modify or terminate the SPP at any time. The Company will notify ASX of any modification to, or termination of, the SPP. The omission to give notice of any modification to, or termination of, the SPP or the failure of ASX to receive such notice will not invalidate the modification or termination.

Without limiting the above, the Company may issue to any person fewer Shares than the person applied for under the SPP if the issue of the Shares applied for would contravene any applicable law or the Listing Rules of ASX.

6. Allocation

The Company will allocate Shares under the SPP Offer on a “first come, first served basis”. As the Company is only seeking to raise a maximum of \$8.4 million under the SPP, it reserves the absolute discretion to reject any application received after the allocation of that maximum amount under the SPP Offer.

7. Scale back

The Company is only seeking to raise a maximum of \$8.4 million under the SPP. Accordingly, the Company reserves the right to close the SPP early and scale back applications in its absolute and sole discretion should the total demand exceed \$8.4 million. When determining the amount (if any) by which to scale back an SPP application, the Company may take into account a number of factors including, but not limited to:

- (a) the amount applied for by each Eligible Shareholder under the SPP;
- (b) the date on which the application under the SPP was received with earlier applications given precedence;
- (c) the number of Shares held at the Record Date; and
- (d) the extent to which an Eligible Shareholder has sold or bought additional Shares after the Record Date.

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If the Company undertakes a scale back, you will receive the number of Shares determined by the Company in its absolute discretion, which may be less than the parcel of Shares for which you have applied. In this case, the difference between the application moneys received and the number of Shares allocated to you multiplied by the issue price, will be refunded to you by cheque and mailed to your registered address as soon as practicable following the close of the SPP Offer.

8. Shortfall

The Directors reserve the right to place any Shares not taken up pursuant to the SPP Offer (**Shortfall Shares**). The offer of Shortfall Shares (**Shortfall Offer**) is a separate offer under these Terms & Conditions and will remain open for up to three months following the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.0013 being the price at which Shares are offered under the SPP Offer. The allocation of the Shortfall Shares will be at the absolute discretion of the Directors and otherwise subject to compliance with the ASX Listing Rules. Accordingly, do not apply for Shortfall Shares unless instructed to do so by the Directors.

9. Custodians, trustees and nominees

If you are an Eligible Shareholder and hold Shares as a custodian (as defined in the ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547 or in any more specific ASIC relief granted to the Company in relation to the SPP) (**Custodian**), you may apply for up to the maximum of new Shares for each beneficiary for whom you act as custodian provided you annex to your Entitlement and Acceptance Form a certificate (**Custodian Certificate**) with the following information:

- (a) that you held Shares in the Company on behalf of one or more other persons that are not themselves custodians (each a **Participating Beneficiary**) at 5:00pm (WST) on 30 July 2021 who have subsequently instructed you to apply for Shares under the SPP on their behalf;
- (b) the number of Participating Beneficiaries and each of their names and addresses;
- (c) the number of Shares that you hold on behalf of each Participating Beneficiary;
- (d) the dollar amount of Shares that each Participating Beneficiary has instructed you, either directly or indirectly through another custodian, to apply for on their behalf;

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- (e) that the application price for Shares applied under the Offer for each Participating Beneficiary for whom you act plus the application price for any other Shares issued to you as custodian for that Participating Beneficiary under the SPP does not exceed \$30,000;
- (f) that a copy of the offer document was given to each beneficiary; and
- (g) where you hold shares on behalf of a beneficiary indirectly, through one or more interposed custodians, the name and address of each interposed custodian.

If you hold Shares as a trustee or nominee for another person or persons but are not a Custodian as defined above, you cannot participate for beneficiaries in the manner describes above. In this case, the rules for multiple single holdings (above) apply.

Custodians should request a Custodian Certificate when making an application on behalf of Participating Beneficiaries. To request a Custodian Certificate and if you would like further information on how to apply, you should contact Advanced Registry Services at any time from 9.00am to 5.00pm (WST) Monday to Friday during the Offer period.

The Company reserves the right to reject any application for SPP Shares to the extent it considers that the application (whether alone or in conjunction with other applications) does not comply with these requirements. The Company reserves the right to reject applications in accordance with these Terms and Conditions.

10. ASIC relief

The offer of Shares under this SPP is made in accordance with the relief granted under ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547, which grants relief from the requirement to prepare a prospectus for the offer of new shares under the SPP.

11. Questions and Contact Details

If you have any questions regarding the SPP or how to deal with this SPP Offer, please contact your stockbroker or professional adviser or the Company Secretary on +61 8 6305 0221.

By the order of the Board.

Yours Sincerely,

Madhukar Bhalla
Company Secretary

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