



CLASSIC MINERALS LIMITED

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15 December 2022

ASX Announcement

Classic Secures \$20.1 Million Institutional Funding Package

Highlights

- **Classic Minerals (CLZ) secures a total of A\$20.1 million in funding, in 2 parts, to allow for the execution of all its phase 1 project development.**
 - **A\$15m in equity capital signed with US institutional investment group LDA Capital via put option agreement**
 - **A\$5.1m in a convertible note issue**
- **This is a significant funding milestone allowing Classic to complete its phase 1 production ramp up and to accelerate its RC and diamond drilling exploration programs across the greater Forrestania area to increase its total gold resource base.**
- **This funding support validates the underlying value of Classic's gold projects and allows it to execute on a definitive plan to transform the Forrestania gold belt into a world class gold production region.**

The LDA Capital transaction

WA-focused gold mining company, Classic Minerals Limited (ASX:CLZ) (**Classic**, or the **Company**) is pleased to provide the details of a **A\$15 million equity funding package** to be provided by LDA Capital Limited (**LDA Capital**).

Classic will be able to flexibly draw down up to A\$15 million by exercising put options to LDA Capital over the duration of the three-year agreement (**Put Option Agreement**). Classic can access the A\$15 million at its sole discretion. **The structure of the package is low cost and substantially reduces project financing risk for phase 1 of Kat Gap.**

LDA Capital's low-cost funding package includes a 2% facility fee totalling A\$300,000 which is payable within 12 months of execution of the Put Option Agreement. In addition, Classic has agreed to issue to LDA Capital 59,614,678 options, exercisable at \$0.01385 (being 125% of the 5-day VWAP as at market close on 13 December 2022) and expiring 3 years from the date of issue.

More details of the terms of the Put Option Agreement are set out in Annexure A.



Convertible Notes

Classic has entered into a mandate with Still Capital Pty Ltd (**Mandate**) for a capital raising of up to \$5.5 million by way of a proposed issue of convertible notes, each with a face value of \$5,000 (**Convertible Notes**). The Convertible Notes will be convertible into ordinary shares in the Company (**Shares**) at any time up to 18 months after the issue of the Convertible Notes – any Convertible Note not converted by that date will be redeemed. A summary of the terms of the Convertible Notes is attached at Annexure B.

Noteholders converting Convertible Notes will also be entitled to one (1) free attaching option for every two (2) Shares issued on conversion, exercisable at \$0.025 on or before 1 December 2025 (**Conversion Options**). A summary of the terms of the Conversion Options is attached at Annexure C.

Pursuant to the proposed issue of Convertible Notes, as at the date of this announcement the Company has received indicative acceptances for ~\$5.1 million.

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

- Sign on fee - \$100,000 to cover shareholder management, documentation drafting and associated development costs and expenses to be paid post-completion of the issue of Convertible Notes; and
- Capital raising fee - 6% (plus GST) of the total funds received under the placement of the Convertible Notes.
- 30,000,000 options exercisable at \$0.025 on or before 1 December 2025 (**Advisor Options**).

The Company notes that the issue of the Convertible Notes, Conversion Options and Advisor Options is conditional on shareholder approval being obtained at a general meeting of the Company to be convened in mid-January 2023 – the Company expects to despatch a notice of meeting to shareholders during the week ended 16 December 2022.

Mr John Lester - Chairman of CLZ said;

“The Company welcomes LDA Capital’s support as **an international investment partner** and is an outstanding achievement for Classic.

LDA Capital’s support is the recognition, by a global institutional funder, of the quality of Classic’s projects, its production potential, and strategic value within the emerging Forresteria region as evidenced by the pricing of the associated options package.

The cost effective and flexible funding package, coupled with the ~\$5.1 million convertible note issue, affords the Company access to immediate funding via the note plus equity funds, if required.

LDA Capital’s support has enhanced our certainty and the ability to take our projects into production and to embark on a fully-funded exploration program to allow the Company to increase its resource base across the greater Forresteria area.

This is the strongest signal yet that the Kat Gap resource has moved from rural Western Australia onto the world stage where substantial, credible, and internationally renowned investors are comfortable enough to invest in Classic Minerals Limited. We can now plan and look forward to gold production during the first quarter of 2023.”

LDA Capital co-founder, Anthony Romano, said:

“LDA Capital is pleased with the **quality of Classic’s resource asset and production strategy for the project**. We look forward to playing a key role as a source of financial support for Classic both in the short and longer-term timeframes to enable the Company to grow the full value to a potential world-class gold asset base.”



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About LDA Capital LLC

LDA Capital is a global alternative investment group with expertise in cross border transactions worldwide. Our team has dedicated their careers to international & cross border opportunities having collectively executed over 250 transactions in both the public and private middle markets across 43 countries with aggregate transaction values of over US\$11 billion. For more information please visit: www.ldacap.com; For inquiries please email: info@ldacap.com.

About Classic Minerals Ltd

Expanding its focus from exploration to mining, West Australian-based, minerals house Classic Minerals Ltd holds a pipeline of projects and continues to examine new opportunities both cyclic and counter-cyclic. Currently, ASX-listed Classic holds approximately 578 km² of tenements across two major regional exploration areas in minerals-rich West Australia. Classic's ground is in areas with identified high grade gold and base metal targets. Classic's flagship Kat Gap Gold Project has been the recent focus of its exploration, mining and processing efforts and is strategically located some 170 km south of Southern Cross and some 50 km south of the Company's Forresteria Gold Project. With strong grades and near-surface mineralisation Kat Gap is soon to attain full scale production.

This announcement has been approved by the Board.

ENDS:



ABOUT THE FORRESTANIA 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. For the avoidance of doubt Classic Ltd 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 inferred and indicated mineral resources 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
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*

The Company confirms that it is not aware of any new information or data that materially affects the information included in this market announcement and, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.



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Forward Looking Statements

This announcement may contain certain “forward-looking statements” which may not have been based solely on historical facts, but rather may be based on the Company’s current expectations about future events and results. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have reasonable basis. However, forward looking statements are subjected to risks, uncertainties, assumptions and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to Resource risk, metals price volatility, currency fluctuations, increased production costs and variances in ore grade or recovery rates from those assumed in mining plans, as well as political and operational risks in the Countries and States in which we operate or sell product to, and governmental regulation and judicial outcomes. For a more detailed discussion of such risks and other factors, see the Company’s annual reports, as well as the Company’s other filings. Readers should not place undue reliance on forward looking information. The Company does not undertake any obligation to release publicly any revisions to any “forward-looking statements” to reflect events or circumstances after the date of this announcement, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

Annexure A – Put Option Agreement

Further particulars of the Put Option Agreement (**Agreement**) are as follows:

1. Term

Classic may access equity capital by exercising put options under the Agreement at the Company's election for a period of three years from the date of execution of the Agreement.

2. Facility Limit

The Company may draw down an aggregate amount of up to A\$15 million under the Agreement. The Company can draw down funds during the term of the Agreement by issuing ordinary shares of the Company (**Shares**) for subscription by LDA Capital.

3. Conditions

The Company may issue put option notices to LDA Capital pursuant to which LDA Capital must subscribe for and pay for those Shares on closing, subject to the satisfaction of certain conditions precedent, including requirements for the Company to have released applicable Corporations Act and ASX filings on the ASX.

4. Put option limits

The number of Shares subject to a put option notice is limited to a maximum of 10 times the average daily number of the Company's Shares traded on the ASX during the 15-trading day period before the issue of the notice.

5. Pricing

The issue price of the Shares will be 90% of the higher of the average VWAP of Shares in the 30-trading day period prior to the issue of the put option notice by Classic (subject to any applicable adjustments) and the minimum acceptable price notified to LDA Capital by the Company in the put option notice. The VWAP calculation is subject to adjustment as a result of certain events occurring including trading volumes falling below an agreed threshold level or a material adverse event occurring in relation to the Company.

6. Fees

The Company has agreed to pay an option premium fee to LDA Capital of A\$300,000, payable within 12 months of the date of execution of the Agreement. Classic will also cover LDA Capital's legal costs (capped at US\$25,000).

In addition, the Company has agreed to issue to LDA Capital 59,614,678 options, exercisable at \$0.01385 (being 125% of the 5-day VWAP as at market close on 13 December 2022) with an expiry date 3 years from issue (**LDA Options**). The LDA Options will otherwise be issued on the terms set out in Annexure C.

Additional information in relation to the Agreement and the securities the Company has agreed to issue under the Agreement can be found in the Appendix 3B that accompanies and is released with this announcement on the ASX announcement platform.



Annexure B – terms & conditions of Convertible Notes

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

1. Face Value

Each Convertible Note has a face value of \$5,000 (**Face Value**).

2. Condition precedent

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

3. Security status

The Convertible Notes are unsecured.

4. Interest rate

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

5. Maturity date

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

6. Redemption

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

7. Conversion

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

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

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

8. Conversion Price

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

- (a) a 15% discount to the lowest traded price of Shares over the 15 trading days prior to Conversion; and
- (b) \$0.017.



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9. Redemption

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

10. Quotation of Conversion Shares

- (a) Convertible Notes will not be quoted on ASX.
- (b) Each Conversion Share will rank *pari passu* with the Company's existing Shares.
- (c) On the date of Conversion (**Conversion Date**), subject to clause 10(d) of these terms, the Company must provide to ASX a notice complying with section 708A(12C)(e) (**Cleansing Notice**).
- (d) If on the Conversion Date the Company would be unable to provide to ASX a Cleansing Notice in respect of a Conversion because it is for any reason unable to comply with the requirements of sections 708A(5)(e) and 708A(6) of the Corporations Act, the Company must within 10 Business Days after the Conversion Date lodge with ASIC a prospectus complying with section 708A(11) of the Corporations Act (**Cleansing Prospectus**).
- (e) If the Company is under an obligation to lodge a Cleansing Prospectus, and the Conversion Date would occur prior to actual lodgement of the Cleansing Prospectus then the Conversion of the Convertible Note will not occur until the date on which the Company has complied with its obligations under clause 6(d), the **New Conversion Date**) and each Convertible Note will be converted on the New Conversion Date.

Annexure C – terms & conditions of Options

The following are the terms and conditions of the Conversion Options and the Advisor Options (for the purposes of this Annexure C, **Options**):

1. Entitlement

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

2. Exercise price

Each Option shall entitle the holder to acquire one Share upon payment of the sum of \$0.025 per Option (**Exercise Price**) to the Company.

3. Exercise of options

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

5. Quotation

The Company will not apply for quotation of the Options.

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

6. Transfer

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

7. Participation and entitlements

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



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8. Reorganisation of share capital

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

9. Bonus issue

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