



CLASSIC MINERALS LIMITED

ABN 77 119 484 016

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2022

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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)
Gillian Catherine King (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: Elderton Pty Ltd
Level 2, 267 St Georges Terrace
Perth WA 6000

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

ASX CODE: CLZ

Your Directors submit their report for Classic Minerals Limited (“Classic or the Company”) for the half-year ended 31 December 2022.

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
Gillian Catherine King

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 2022 was \$10,971,695 (2021: loss of \$5,749,052). As at 31 December 2022, the company had 884,333,452 shares on issue and 314,101,873 options on issue (post-consolidation basis).

During the half year ending 31 December 2022, the following milestones were achieved:

- The Company received formal approvals from DMIRS for its Project Management Plan paving the way for Mining Operations to commence at Kat Gap.
- Formal approvals received from DMIRS to commence construction of the Gekko Processing Plant at Kat Gap.
- Site construction commenced ahead of stage 1 Mining operations.
- Pilot test run of the Gekko gravity gold treatment plant outperforms expectations.
- Gekko gravity plant returns 73.2% gravity recovery.
- The Company secured a total of A\$20.5M in funding, in two parts, to allow for the execution of all its phase 1 project development.
- Extensional and infill RC drilling returns high grade results north of the cross cutting Proterozoic dyke.

During the half year, a total of 8,297m of RC drilling was completed across the Company’s projects:

- Kat Gap 116 RC holes for 8,297m

REVIEW OF OPERATIONS (continued)

About Forresteria 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 tenement.

The main thrust of exploration at Forresteria 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 table below.

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 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

REVIEW OF OPERATIONS (continued)**Kat Gap Mining Operations Approval**

Classic has received formal approval of its Project Management Plan at its 100% owned Kat Gap Gold Project.

This approval clears Classic of the key regulatory requirements for advancement of the Project and the Company is continuing to work with DMIRS and other agencies to secure the necessary remaining approvals required to commence on-site processing operations. The Classic team continues to investigate the mining schedule to accommodate any potential resource increase and production increases.

Recent work has included a major infill drilling program to facilitate final pit design work, processing plant layout, TSF design and Metallurgical gold recoveries to update project modelling. Onsite development is well advanced with clearing completed for major infrastructure ahead of PMP approval including mine administration offices, workshop areas, laydown yards, main access roads, camp site, mine construction and all surface development.

Kat Gap Milling Operations Approval

Classic has received formal Ministerial approval for the installation and use of the Gekko processing plant at its 100% owned Kat Gap Gold Project.

The approval of the Company's processing proposal by the Department Industry, Mines, Regulation, and Safety ("DMIRS") ("the Approval"), in combination with recently obtained mining approval (extractive), mine closure plan, project management plan and native vegetation clearing permit (NVCP), allows Classic to commence full scale mining and processing at its exciting Kat Gap Gold Project. This approval clears Classic of the key regulatory requirements for advancement of the Project.

The Approval includes installation and operations of a gold circuit, gold room, product sampling, dewatering, crushing circuit, Gekko gravity circuit, CIL circuit (to be confirmed), tailings storage facility, fuel systems, processing control systems and high voltage power among others.

Recent work has included a major infill drilling program to facilitate final pit design work, processing plant layout, TSF design and Metallurgical gold recoveries to update project modelling. Onsite development is well advanced with clearing completed for major infrastructure ahead of PMP approval including mine administration offices, workshop areas, laydown yards, main access roads, camp site, mine construction and all surface development.

REVIEW OF OPERATIONS (continued)**Gekko Treatment Plant Pilot Testing Program**

During the half year the company completed vital Pilot testing of its crushing and gravity components of the Gekko gold treatment processing plant on a small parcel of bulk sample ore at its Gngangara site. The Company hoped to commence re-assembly of the Gekko gold recovery plant on-site at Kat Gap during the December quarter 2022; the final approvals from DMIRS were received subsequent to the year end and re-assembly commenced during March 2023¹.

The test work completed by Nagrom in the laboratory² has now been confirmed with the Gekko Inline Pressure Jig and Gekko Spinner delivering more than 95% of the liberated gold through a simple gravity process at a crush size of less than 2mm. The Gekko Jig used, in the pilot plant setup, was an IPJ 1000 capable of processing a throughput of up to 30 tons per hour. Classic also has a Gekko IPJ 2400 which has a nameplate capacity of up to 100 tons per hour.

The Pilot was capable of processing 10 tonnes of feed per hour, however, was run at 1-2 tph during the pilot in order to focus on understanding and optimising process dynamics rather than throughput rate.

The Pilot is upgradeable to 100tph utilising the equipment which is already owned by Classic.

The full flowsheet is:

- Gekko Jig concentrates to a Gekko centrifugal concentrator
- Jig tailings to two centrifugal gold concentrators (ICON) in series
- Concentrate clean-up for smelting.
- Tailings collected for reprocessing when CIL plant established (cyanide alternatives are currently being assessed to continue the philosophy of a greener gold plant – if technically and commercially appropriate).

Preliminary recovery results

The gravity gold testwork returned a recovery of 73.2% into a mass pull of 4.6% of the feed. This compares very well against previous bench scale metallurgical test work of 65-75% gravity gold recovery in approximately 5% mass pull³. These results clearly demonstrate that the Gekko plant is perfectly suited to Kat Gap style ore capable of extracting high levels of gravity gold at relatively low cost. The gravity concentrate produced at a low cost with no chemical reagents provides confidence of the viability of the milling process.

¹ ASX announcement 13 March 2023

² ASX Announcement 10 August 2020

³ ASX Announcement 10 August 2020

REVIEW OF OPERATIONS (continued)

The concentrate contained crushed material with a top size of 2.5mm, which was predominantly quartz with minor fractions of iron oxide and other base metal minerals. Gold was present as both freely liberated gold (38% of the concentrate gold) and as binary gold/gangue particles. Examination of the concentrate with a loupe evidenced gold particles partially liberated within quartz particles, as well as fully liberated gold particles. (Base metal scan currently underway to determine minerals/metals present in the concentrate).

The Pilot run demonstrates that the Gekko flowsheet effectively concentrates the gold ore to produce a high-grade concentrate, whilst discarding a proportion of the gold into a low-grade tailings stream. In this instance the concentrate assayed approximately 90 g/t Au, with a tailings grade of 1.62 g/t Au giving an overall head grade of 6.06 g/t Au.

The ore material put through the Gekko Pilot plant test run was sourced from the last material mined from the base of the bulk sample pit. This material, from flitch/bench 376-374m RL had an average resource block model grade of 5.12 g/t Au. The Gekko pilot test run returned an average head grade of 6.06 g/t Au for the same material which is 16% higher than the predicted block model grade. These early results are very encouraging and bode well for future open pit mining operations.

By controlling the mass pull to an optimal value, the project financials may be maximised based on the gold price, and ore feed grade, and three configurations may be entertained with the current plant flowsheet.

- (a) Low grade feed upgraded to an economic grade at a high throughput rate.
- (b) Upgrade High grade ore to discard most of the mill feed as a 'low grade' tail which may be economic to process at a later date when there are sufficient tonnes.
- (c) High grade ore processed through the Gekko Plant to produce a gravity concentrate at low cost and reagent usage; with gravity tail leached.

The Gekko plant offers a versatile gold processing plant that will allow Classic to optimise recovery at the Kat Gap plant, depending on market conditions, ore competency, ore grade, and gold price.

The Gekko equipment also supported the decision that a low-cost plant will be able to deliver outstanding results. The plant configuration assists Classic in having a greener, chemical free footprint as there is no chemical involvement and the power usage is also very low compared to traditional gold processing plants.

REVIEW OF OPERATIONS (continued)**Kat Gap Project Funding**

Classic has secured additional funding during the half year totalling A\$20.5M, in two parts, to allow for the execution of all its phase one project development. A A\$15M put option agreement with US institutional investment group LDA Capital and a A\$5.5M convertible note issue⁴.

LDA Capital transaction

Classic may access the 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.

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 to LDA Capital.

The Company may issue call notices to LDA Capital with each call notice being a put option on LDA Capital to 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.

The number of Shares subject to a call 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 its issue. The issue price of the capital call 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 (MAP) notified to LDA Capital by the Company upon exercise of the put option. The VWAP calculation is subject to adjustment because of certain events occurring including trading volumes falling below an agreed threshold level or a material adverse event occurring in relation to the Company.

In addition, the Company has agreed to issue up to 59,614,678 unlisted options to LDA Capital. The strike price of the options is 125% of the 5-day average VWAP prior to signing of the definitive agreement with an expiry date 3 years from issue. These options will be issued under the Company's Listing Rule 7.1 placement capacity. The Company has agreed to pay an Option Premium Fee to LDA Capital of A\$300,000.00 payable within 12 months of the date of execution of the Agreement. Classic will also cover legal costs capped at US\$25,000.

⁴ ASX Announcement 15 Dec 2022

REVIEW OF OPERATIONS (continued)

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 was released with this announcement on the ASX announcement platform.

Convertible Notes

Classic entered 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 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 at Annexure A in the ASX announcement of 15 December 2022.

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 before 1 December 2025 (Conversion Options). A summary of the terms of the Conversion Options is at Annexure B in the ASX announcement of 15 December 2022. Pursuant to the proposed issue of Convertible Notes, as at the date of this announcement the Company has received indicative acceptances for \$5.5 million.

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

1. 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
2. Capital raising fee - 6% (plus GST) of the total funds received under the placement of the Convertible Notes.

The Company notes that the issue of the Convertible Notes is conditional on shareholder approval being obtained at a general meeting of the Company to be convened on 25th of January 2023. Shareholder approval was obtained at the General Meeting and the Convertible Notes have been issued.

Kat Gap Infill Drilling Program

During the half year, Classic completed an extensive program of infill RC drilling. The drilling program, consisting of 81 holes for 4,805m, was a direct result from the recent bulk sample mining operation completed in early May 2022.

Classic drilled 81 holes for 4,805m (FKGRC390 – FKGRC470) at Kat Gap during the half year as part of the infill drilling campaign.

REVIEW OF OPERATIONS (continued)

The need for closer spaced infill drilling has eventuated from the recent bulk sample mining operation. The pit was centred on an area of the resource block model, drilled on a 10m x 10m and 10m x 5m drill pattern, which came closest to the surface. The ore zone exposed during the bulk sample mining showed strong evidence of pinching and swelling of the main quartz veins over relatively short wavelengths of around 10-15m. To gain a higher level of confidence in the overall status of the current resource block model and to ensure adequate intersection of the higher-grade components of the gold ore zone, drilling needs to be conducted on a minimum of 10m spaced sections and 10m spaced holes on the section. This spacing will permit an upgrade from the current inferred status to indicated, needed for final pit design work. The infill program will also dramatically reduce the number of grade control RC holes required in pit once operations are underway.

The infill holes have been drilled on a 10m x 10m and 10m x 5m grid spacings to hit further high-grade pinch and swell quartz veins which were observed during the mining of the bulk sample pit. The results have confirmed observations made while the bulk sample pit was mined and show that 10m x 10m and 10m x 5m drill spacing is adequate to hit these high-grade pinch and swell quartz zones. The 81-hole infill RC drilling program mostly covered an area 100m to 300m along strike to the north of the Proterozoic dyke and 200m north along strike from the recent bulk sample mining operation.

Better results from the infill drilling include:

- 3m @ 13.23g/t Au from 32m including 1m @ 17.00g/t Au from 34m in FKGRC391.
- 5m @ 7.36g/t Au from 42m including 2m @ 14.20g/t Au from 42m in FKGRC397.
- 2m @ 17.20g/t Au from 53m including 1m @ 19.90g/t Au from 53m in FKGRC402.
- 2m @ 21.07g/t Au from 33m in FKGRC407.
- 6m @ 5.55g/t Au from 49m including 1m @ 18.10g/t Au from 50m in FKGRC412.
- 12m @ 9.60g/t Au from 28m including 4m @ 25.34g/t Au from 36m in FKGRC416.
- 10m @ 15.34g/t Au from 29m including 2m @ 43.00g/t Au from 31m in FKGRC418.
- 10m @ 16.19g/t Au from 37m including 1m @ 45.00g/t Au from 46m in FKGRC422.
- 6m @ 4.08g/t Au from 48m including 1m @ 11.50g/t Au from 52m in FKGRC426.
- 2m @ 14.86g/t Au from 29m including 1m @ 25.50g/t Au from 29m in FKGRC436.
- 6m @ 3.10g/t Au from 60m including 1m @ 14.10g/t Au from 60m in FKGRC455.

Kat Gap Extensional Drilling Program

During the half year, Classic completed a program of extensional RC drilling. The drilling consisted of 15 holes for 1,552m. Results were received very late in December for the extensional holes. The extensional drilling results were announced to the ASX early in January 2023.

The extensional RC holes FKGRC471–479 and FKGRC500-505 are in the central portion of the northern infill drilling area and were drilled to test for potential deeper down dip open pit mineable material below existing high grade shallower gold mineralization. These latest holes are situated around 200m north of the cross cutting Proterozoic dyke.

The drilling has shown that high grade gold mineralization extends at depth below the current shallow oxide mineralization intersected during the infill RC drilling and highlights the potential for further down dip mineable ore material to be discovered. Further RC drilling is required to follow up these latest results.

REVIEW OF OPERATIONS (continued)

Better results from the extensional drilling include:

- 10m @ 9.26g/t Au from 57m including 3m @ 28.30g/t Au from 57m in FKGRC471.
- 6m @ 12.12g/t Au from 70m including 1m @ 51.10g/t Au from 70m in FKGRC472.
- 1m @ 11.20g/t Au from 79m in FKGRC474.
- 2m @ 6.39g/t Au from 87m including 1m @ 11.60g/t Au from 88m in FKGRC475.
- 8m @ 3.25g/t Au from 95m including 1m @ 11.40g/t Au from 101m in FKGRC476.
- 1m @ 15.60g/t Au from 125m in FKGRC477.
- 3m @ 5.61g/t Au from 67m in FKGRC500.
- 4m @ 7.45g/t Au from 73m including 1m @ 22.10g/t Au from 74m in FKGRC501.
- 9m @ 1.71g/t Au from 73m in FKGRC502.
- 3m @ 3.73g/t Au from 77m in FKGRC503.

Kat Gap Granite Drilling Program

During the half year, Classic completed a program of exploration RC drilling out in the granite west of the main resource. The drilling consisted of 20 holes for 1,940m.

The exploratory holes FKGRC480 – FKGRC499 targeted the northern extremities of the large auger soil anomaly that sits west of the main resource at Kat Gap. The holes were drilled on a 200m by 40m grid spacing down to a maximum depth of 120m. Results are pending.

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 half year ending 31 December 2022, IGO completed no field-based exploration activities on the project.

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.

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 13 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

15 March 2023

Auditor's Independence Declaration

To those charged with the governance of Classic Minerals Limited

As auditor for the review of Classic Minerals Limited for the half-year ended 31 December 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 review; and
- ii) no contraventions of any applicable code of professional conduct in relation to the review.

Elderton Audit Pty Ltd

Elderton Audit Pty Ltd



Rafay Nabeel
Managing Director

15 March 2023

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Classic Minerals Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Classic Minerals Limited (the 'Company'), which comprises the condensed statement of financial position as at 31 December 2022, the condensed statement of profit or loss and 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 explanatory information, 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 accompanying half-year financial report of the Company does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Classic Minerals Limited's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *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 (including Independence Standards)* (the Code) 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 the Basis of Preparation note on page 20 of the financial report, which described that the ability of the company to continue as a going concern is dependent on the debt and equity finance. As a result, there is a 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.

Responsibility of Management 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 internal 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 2022 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.

Elderton Audit Pty Ltd

Elderton Audit Pty Ltd



Rafay Nabeel

Managing Director

15 March 2023

Perth

**CONDENSED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**



	Note	Half-Year Ended 31 Dec 2022 \$	Half-Year Ended 31 Dec 2021 \$
Research & development rebate		729,315	2,814,245
Other income	4	4,018	90,256
Employee benefits and consultant expenses		(887,751)	(498,598)
Advertising and marketing expenses		(88,662)	(231,813)
Legal expenses and professional fees		(339,319)	(570,801)
Depreciation and amortisation expenses	5	(198,768)	(233,281)
Exploration expenses		(4,685,183)	(4,336,548)
Financing charges	5	(4,559,117)	(1,836,819)
Travel expenses		(54,710)	(46,134)
Occupancy expenses		(39,475)	(24,699)
Loss on asset disposal		-	(12,801)
Share based payment expense		(40,555)	(270,355)
Administration expenses	5	(811,488)	(591,704)
Loss before income tax expense		(10,971,695)	(5,749,052)
Income tax (expense) / benefit		-	-
Loss for the period		(10,971,695)	(5,749,052)
Other comprehensive income		-	-
Total comprehensive loss for the period		(10,971,695)	(5,749,052)
Basic and diluted loss per share (cents)		(2.34)	(3.44)

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

CONDENSED STATEMENT OF FINANCIAL POSITION
A\$ AT 31 DECEMBER 2022



	Note	31 Dec 2022 \$	30 Jun 2022 \$
Current Assets			
Cash and cash equivalents	6	1,293,794	420,980
Trade and other receivables	7	108,205	108,205
Other current assets	8	784,335	119,976
Total Current Assets		2,186,334	649,161
Non-Current Assets			
Exploration and evaluation	9	2,739,000	2,739,000
Right of use asset	10	518,889	375,507
Plant and equipment	11	7,244,304	6,485,023
Total Non-Current Assets		10,502,193	9,599,530
Total Assets		12,688,527	10,248,691
Current Liabilities			
Trade and other payables	12	5,852,919	5,880,972
Advance for convertible notes	13	2,681,335	2,126,650
Provisions		107,750	114,802
Lease liability	10	142,466	94,023
Borrowings	14	6,978,788	6,405,018
Total Current Liabilities		15,763,258	14,621,465
Non-Current Liability			
Convertible notes	15	50,000	-
Lease liability	10	421,760	319,546
Total Non-Current Liability		471,760	319,546
Total Liabilities		16,235,018	14,941,011
Net Assets/(Liabilities)		(3,546,491)	(4,692,320)
Equity			
Issued capital	16(a)	71,207,833	61,024,284
Reserves	16(b)	3,348,667	3,382,192
Accumulated losses		(78,102,991)	(69,098,796)
Total Equity		(3,546,491)	(4,692,320)

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 2022**



	Issued capital \$	Share-based payment reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2021	51,995,750	3,116,982	(54,943,848)	168,884
Loss for the period	-	-	(5,749,052)	(5,749,052)
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss) for the period	-	-	(5,749,052)	(5,749,052)
Transactions with owners recorded directly in equity				
Exercise of options	307	-	-	307
Share based payment	-	(3,789)	-	(3,789)
Shares issued (net of expenses)	6,376,977	-	-	6,376,977
Balance as at 31 December 2021	58,373,034	3,113,193	(60,692,900)	793,327
Balance at 1 July 2022	61,024,284	3,382,192	(69,098,796)	(4,692,320)
Loss for the period	-	-	(10,971,695)	(10,971,695)
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss) for the period	-	-	(10,971,695)	(10,971,695)
Transactions with owners recorded directly in equity				
Exercise of options/performance rights	94,396	(1,967,500)	1,967,500	94,396
Conversion of convertible notes	3,950,000	-	-	3,950,000
Share based payment	-	1,354,397	-	1,354,397
Shares to be issued	-	579,578	-	579,578
Shares issued (net of expenses)	6,139,153	-	-	6,139,153
Balance as at 31 December 2022	71,207,833	3,348,667	(78,102,991)	(3,546,491)

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

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**



	Half-Year Ended 31 Dec 2022 \$	Half-Year Ended 31 Dec 2021 \$
Cash flow from operating activities		
Receipt of research & development rebate	729,315	2,814,245
Other income	-	90,233
Payments to suppliers and employees	(8,229,818)	(5,314,065)
Interest paid	(235,923)	(589,456)
Interest received	4	23
Net cash outflow from operating activities	(7,736,422)	(2,999,020)
Cash flow from investing activities		
Purchase of intangible asset	-	-
Proceeds from sale of assets	-	-
Purchase of plant and equipment	(631,238)	(728,001)
Purchase of prospects	-	(190,000)
Net cash outflow from investing activities	(631,238)	(918,001)
Cash flow from financing activities		
Proceeds from share capital	6,189,562	4,110,605
Proceeds from convertible notes	4,554,685	-
Capital raising costs	(1,254,173)	(138,000)
Proceeds from options entitlement	94,397	-
Repayment of borrowings and related expenses	(1,356,228)	(4,738,142)
Repayment of lease liability	(57,769)	(26,357)
Proceeds from short term borrowings	1,070,000	2,864,289
Net cash outflow from financing activities	9,240,474	2,072,395
Net increase / (decrease) in cash and cash equivalents	872,814	(1,844,626)
Cash and cash equivalents at beginning of period	420,980	2,018,953
Cash and cash equivalents at end of period	1,293,794	174,327

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

1. BASIS OF PREPARATION

These condensed consolidated financial statements for the half-year reporting period ended 31 December 2022 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 2022 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 2022

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 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 2022. 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.

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 \$10,971,695 for the half-year ended 31 December 2022 (31 December 2021: \$5,749,052).

The net working capital position of the Company at 31 December 2022 was a deficit of \$13,576,924 (30 June 2022: \$13,972,304). The Company has expenditure commitments relating to exploration expenditure obligations for their projects of \$712,880 which potentially could fall due in the next twelve months.

1. BASIS OF PREPARATION (continued)

Going Concern (continued)

As disclosed in Note 14, the Company has shareholders loans owing as at 31 December 2022 which are payable on various dates in January - April 2023 totalling \$5,140,500 plus accrued interest of \$1,800,779. Directors are confident that 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 15 December 2022, the Company secured a total of \$20.1 million in funding, in 2 parts, to allow for the execution of all its phase 1 project development:

- \$15 million in equity capital signed with US institutional investment group LDA Capital via put option agreement
- \$5.1 million in a convertible note issue.

This is a significant funding milestone allowing the Company to complete its phase 1 production ramp up and to accelerate its RC and diamond drilling exploration programs across the greater Forrester area to increase its total gold resource base.

The Directors have prepared a cashflow forecast which indicates that the Company needs to raise additional capital to meet all commitments and working capital requirements for the period of 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.

2. SUBSEQUENT EVENTS

On 2 January 2023, the Company made fully repayment of \$320,000 short-term loan from Greywood Holdings Pty Ltd.

The Company extended repayment date of \$180,000 short-term loan from Greywood Holdings Pty Ltd which was due on 12 January 2023. The latest loan extension is payable on 12 March 2023.

2. SUBSEQUENT EVENTS (continued)

On 19 January 2023, the Company entered into agreement with CTRC Pty Ltd for the advanced of \$300,000 short-term loan, which matures 2 months after the advance date and carries an interest rate of 3% per month. The loan is secured against the Company's assets under Personal Property Securities Register (PPSR).

The Company extended repayment date of \$300,000 short-term loan from Gold Processing Equipment Pty Ltd which was due on 20 January 2023. The latest loan extension is payable on 20 March 2023.

On 20 January 2023, the Company issued 7,038,288 shares and 3,519,144 options in return of \$49,972 in cash.

The Company extended repayment date of \$500,000 short-term loan from CTRC Pty Ltd which was due on 25 January 2023. The latest loan extension is payable on 25 March 2023.

The Company extended repayment date of \$200,000 short-term loan from Greywood Holdings Pty Ltd which was due on 25 January 2023. The latest loan extension is payable on 25 March 2023.

The Company held General Meeting of Shareholders on 25 January 2023. The General Meeting Result, among others, includes approval on the issuance of convertible notes.

On 27 January 2023, the Company issued 51,257,780 shares and 15,200,000 in return of \$483,452 in cash and \$210,420 debt settlement.

On 27 January 2023, the Company issued 30,000,000 options as settlement of advisory fee in relation to convertible note issuance and 59,614,678 options as part of agreement with LDA Capital.

The Company extended repayment date of \$360,000 short-term loan from Foskin Pty Ltd which was due on 29 January 2023. The latest loan extension is payable on 29 March 2023.

On 3 February 2023, the Company issued 39,485,293 shares in return of \$250,000 in cash and \$60,000 debt settlement.

On 3 February 2023, the Company issued 67,935,287 shares and 33,967,644 options as result of \$500,000 convertible note conversion.

On 3 February 2023, the Company submitted Call Notice to LDA Capital and issued 212,003,617 shares to raise additional working capital.

The Company extended repayment date of \$220,000 short-term loan from Whead Pty Ltd which was due on 9 February 2023. The latest loan extension is payable on 9 May 2023.

2. SUBSEQUENT EVENTS (continued)

On 10 February 2023, the Company issued 79,487,178 shares in return of \$500,000 in cash.

On 10 February 2023, the Company issued 29,897,894 and 14,948,947 options as result of \$200,000 convertible notes conversion.

The Company extended repayment date of \$100,000 short-term loan from Whead Pty Ltd which was due on 16 February 2023. The latest loan extension is payable on 16 May 2023.

The Company extended repayment date of \$250,000 short-term loan from CTRC Pty Ltd which was due on 18 February 2023. The latest loan extension is payable on 18 April 2023.

The Company extended repayment date of \$250,000 short-term loan from CTRC Pty Ltd which was due on 26 February 2023. The latest loan extension is payable on 26 April 2023.

On 21 February 2023, the Company issued 14,166,666 shares in return of \$85,000 debt settlement.

On 21 February 2023, the Company issued 66,337,195 and 33,168,597 options as result of \$400,000 convertible notes conversion.

On 27 February 2023, the Company issued 27,432,636 and 13,716,318 options as result of \$400,000 convertible notes conversion.

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 2022 and 31 December 2021.

**CONDENSED NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**



4. OTHER INCOME

	31 Dec 2022	31 Dec 2021
	\$	\$
Other income	3,335	90,232
Interest income	683	24
	<u>4,018</u>	<u>90,256</u>

For the period ended 31 December 2022, other income includes rental and insurance claim proceed.

For the period ended 31 December 2021, other income includes receipts of fuel tax credit and SGC amnesty refund.

5. ADMINISTRATION EXPENSES, DEPRECIATION AND AMORTISATION EXPENSES AND FINANCING CHARGES

	31 Dec 2022	31 Dec 2021
	\$	\$
(a) Administration expenses		
Insurance expenses	105,245	72,343
Telephone expenses	8,054	7,410
Other administration expenses	698,189	511,951
	<u>811,488</u>	<u>591,704</u>
(b) Depreciation and amortisation expenses		
Amortisation related to right of use asset	73,423	77,787
Depreciation related to plant and equipment	125,345	155,494
	<u>198,768</u>	<u>233,281</u>
(c) Financing charges		
Interest expenses	910,713	834,557
Borrowing costs – borrowings	1,714,978	1,002,262
Borrowing costs – convertible notes (see note 15)	1,438,426	-
Borrowing costs – convertible notes (see note 13)	495,000	-
	<u>4,559,117</u>	<u>1,836,819</u>

6. CASH AND CASH EQUIVALENTS

	31 Dec 2022	30 June 2022
	\$	\$
Cash at bank	1,293,794	420,980
	<u>1,293,794</u>	<u>420,980</u>

7. TRADE AND OTHER RECEIVABLES

	31 Dec 2022	30 June 2022
	\$	\$
Other receivables (i)	191,646	191,646
Bonds and security deposits	48,937	48,937
Less: Provision for doubtful debt	(132,378)	(132,378)
	108,205	108,205

(i) \$176,503 (30 June 2022: \$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 2022: \$132,378) is applied.

8. OTHER CURRENT ASSETS

	31 Dec 2022	30 June 2022
	\$	\$
Prepaid expenses	784,335	119,976
	784,335	119,976

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

9. EXPLORATION AND EVALUATION ASSETS

	31 Dec 2022	30 June 2022
	\$	\$
Forrestania Project	729,000	729,000
Kat Gap Project	2,010,000	2,010,000
	2,739,000	2,739,000

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.

	31 Dec 2022	30 June 2022
	\$	\$
Movement in exploration and evaluation assets		
Opening balance	2,739,000	2,910,000
Addition	-	750,000
Written-off to exploration expenses	-	(921,000)
Ending balance	2,739,000	2,739,000

On 25 October 2022, the Company entered into an agreement with Goldbridge SL Pty Ltd to acquire tenement G74/12 registered under Goldbridge SL Pty Ltd. The consideration for the sale and assignment of the tenement from Goldbridge SL Pty Ltd to the Company includes:

- Cash consideration of \$380,000 and
- Share consideration to the value of \$650,000.

**CONDENSED NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**



9. EXPLORATION AND EVALUATION ASSETS (continued)

As of 31 December 2022, the settlement of the sale and transfer of tenement under the agreement has not been completed.

10. RIGHT OF USE ASSET

	31 Dec 2022	30 June 2022
	\$	\$
Property	518,889	375,507
	<u>518,889</u>	<u>375,507</u>

The Company leased commercial property as their head office and premises for storage. In pursuant to AASB 16 *Leases*, these leases were recognised as a right-of-use asset and a corresponding lease liability in the financial statements. The right-of-use asset is depreciated over the lease period on a straight-line basis.

11. PLANT AND EQUIPMENT

	Plant & Equipment	Motor Vehicles	Work in Progress	TOTAL
	\$	\$	\$	\$
Cost				
Balance at 30 June 2022	888,874	1,392,882	6,451,840	8,733,596
Additions	7,786	-	882,726	890,512
Disposals	-	(5,886)	-	(5,886)
Transfer from work in progress	-	-	-	-
Balance at 31 December 2022	<u>896,660</u>	<u>1,386,996</u>	<u>7,334,566</u>	<u>9,618,222</u>
Accumulated Depreciation				
Balance at 30 June 2022	309,999	441,865	-	751,864
Depreciation	51,863	73,482	-	125,345
Disposals	-	-	-	-
Balance at 31 December 2022	<u>361,862</u>	<u>515,347</u>	<u>-</u>	<u>877,209</u>
Net Book Value				
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	<u>578,875</u>	<u>951,017</u>	<u>4,955,131</u>	<u>6,485,023</u>
As at 31 December 2022	534,798	871,649	7,334,566	8,741,013
Provision for impairment losses	-	-	(1,496,709)	(1,496,709)
As at 31 December 2022	<u>534,798</u>	<u>871,649</u>	<u>5,837,857</u>	<u>7,244,304</u>

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. By its letter dated 14 June 2022, Gordon Brothers Pty. Ltd. confirmed that there is no change of replacement value outlined in the report. The Company provided provision for impairment losses of \$1,496,709 as of 31 December 2022 and 30 June 2022. For the period ended 31 December 2022, the management has assessed impairment and determined that no further impairment is needed.

**CONDENSED NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**



12. TRADE AND OTHER PAYABLES

	31 Dec 2022	30 June 2022
	\$	\$
Trade and other creditors	4,680,042	5,219,429
Shares to be issued	-	13,000
Accrued expenses	1,140,357	607,954
Accrued wages	32,520	40,589
	<u>5,852,919</u>	<u>5,880,972</u>

Trade payables are non-interest bearing and are normally settled on 30-60 days terms. As at 31 December 2022, the amount of trade payables was \$4,761,762 (30 June 2022: \$5,328,908) and the amount exceeding normal trading terms totaling \$2,612,481 (30 June 2022: \$3,233,216).

13. ADVANCE FOR CONVERTIBLE NOTES

	31 Dec 2022	30 June 2022
	\$	\$
Advance for convertible notes	2,681,335	2,126,650
	<u>2,681,335</u>	<u>2,126,650</u>

Advance of \$2,126,650 as of 30 June 2022 is advance for the convertible notes issued on 11 July 2022 as described in Note 15.

As announced on 15 December 2022, the Company entered into mandate with Still Capital Pty Ltd 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. The convertible notes will be convertible into ordinary shares in the Company 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. 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).

Under the terms of the mandate, Still Capital Pty Ltd will be entitled to the following fees:

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

As of 31 December 2022, the Company received advance of \$2,681,335 for the convertible notes.

**CONDENSED NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**



14. BORROWINGS

	31 Dec 2022	30 June 2022
	\$	\$
Loan from Beirne Trading Pty Ltd - due on 24 March 2023	500,000	-
Loans from CTRC Pty Ltd - due on 25 January 2023, 18 February 2023 and 26 February 2023 (30 June 2022: 4 July 2022, 25 July 2022, 18 August 2022 and 26 August 2022)	1,000,000	1,300,000
Loan from Foskin Pty Ltd - due on 29 January 2023 (30 June 2022: 29 July 2022)	360,000	360,000
Loan from Gold Processing Equipment Pty Ltd - due on 20 January 2023 and 14 April 2023 (30 June 2022: 20 July 2022 and 14 August 2022)	305,500	305,500
Loans from Greywood Holdings Pty Ltd - due on 4 January 2023, 12 January 2023, 25 January 2023 and 3 February 2023 (30 June 2022: 3 July 2022, 12 July 2022, 25 July 2022 and 3 August 2022)	1,200,000	1,130,000
Loan from Gurindji Pty Ltd - due on 14 February 2023 and 24 February 2023 (30 June 2022: 14 July 2022 and 24 July 2022)	15,000	15,000
Loans from Klip Pty Ltd - due on 24 March 2023 (30 June 2022: 24 September 2022)	700,000	700,000
Loan from Michael Wilson - due on 27 March 2023 (30 June 2022: 27 July 2022)	30,000	30,000
Loans from Rotherwood Enterprises Pty Ltd - due on 24 March 2023 (30 June 2022: 24 September 2022)	300,000	300,000
Loan from Tracey Pearson - due on 7 April 2023 (30 June 2022: 7 August 2022)	10,000	10,000
Loan from Whead Pty Ltd - due on 9 February 2023, 16 February 2023, 28 March 2023 and 30 April 2023 (30 June 2022: 16 August 2022, 28 September 2022, 9 October 2022 and 31 October 2022)	720,000	720,000
Total loans from shareholders	5,140,500	4,870,500
Loan from Radium Capital (R&D)	-	312,015
Loans from Attvest Finance and Hunter Premium Funding (Insurance)	37,509	91,877
Total loans	5,178,009	5,274,392
Accrued interest	1,800,779	1,130,626
	6,978,788	6,405,018

Short-term loans from Beirne Trading Pty Ltd, Gurindji Pty Ltd, Klip Pty Ltd, Michael Wilson, Rotherwood Enterprises Pty Ltd, Tracey Pearson, Whead Pty Ltd, \$5,500 loan from Gold Processing Equipment Pty Ltd and \$320,000 loan from Greywood Holdings 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). Short-term loan from Beirne Trading Pty Ltd carries interest of 1% per month plus 1,000,000 CLZOA options/\$100,000 outstanding loan principal per month. The other short-term loans from shareholders carry interest rate of 3% per month.

The loan facilities from Radium Capital were advanced against the expected R&D refund from the ATO and carries an interest rate of 14% p.a.

14. BORROWINGS (continued)

As announced on 9 September 2022, the Company entered into a binding Terms Sheet with Goldvalley Brown Stone Pty Ltd (Goldvalley), pursuant to which Goldvalley, a member of the Gold Valley group of companies, will provide up to \$10 million in non-recourse funding for the extraction and processing of Kat Gap ore. The parties will share the net profits from gold production on the basis of 70% for Classic and 30% for Goldvalley. The Terms Sheet is conditional on completion of satisfactory due diligence. On 12 January, the Company announced that Goldvalley and the Company agreed to an extension of the due diligence period up to 31 March 2023.

The Company entered into Put Option Agreement with LDA Capital Limited on 13 December 2022. Under the agreement the Company will be able to flexibly draw down up to \$15,000,000 by exercising put options to LDA Capital Limited over the duration of 36 months starting on the date of the agreement. The commitment fee includes a 2% facility fee totalling \$300,000 which is payable within 12 months of the Put Option Agreement. In consideration of LDA entering into the agreement, the Company also has agreed to issue 59,614,678 options, exercisable at \$0.01385 and expiring 3 years from the date of issue.

15. CONVERTIBLE NOTES

	31 Dec 2022	30 June 2022
	\$	\$
Convertible notes	50,000	-
	<u>50,000</u>	<u>-</u>
	No. of Convertible Notes	\$
Opening balance 1 July 2022	-	-
Issuance of convertible notes	160	4,000,000
Converted into ordinary shares	(158)	(3,950,000)
Closing balance 31 December 2022	<u>2</u>	<u>50,000</u>

As announced on 11 July 2022, the Company issued convertible notes with 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.

The Company received \$4,000,000 in cash for the issuance of the notes and recognised \$406,901 transaction cost for the above mentioned free attaching unlisted option.

In relation to the issuance of convertible notes, the Company entered into a mandate with Still Capital Pty. Ltd. which 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;

15. CONVERTIBLE NOTES (continued)

- Success fee – 2.5 million shares and 5.0 million options (each on post-consolidation basis) (together, Advisor Securities) on completion of \$2,500,000 injected into the Company by way of the issue of the convertible notes.
- Capital raising fee – 3% (plus GST) of the total funds received under the placement of the convertible notes.

16. ISSUED CAPITAL & RESERVES

(a) Issued Capital

	No. of shares	\$
Issue of ordinary shares during the period		
As at 1 July 2022 (pre-consolidation basis)	31,024,896,554	60,974,284
Post-consolidation basis; with 1:150 consolidation ratio effective on 8 July 2022	206,828,780	60,974,284
Shares placement (i)	356,291,500	5,750,549
Exercise of options (ii)	1,887,932	94,396
Conversion of convertible notes (iii)	249,425,838	3,950,000
Shares issued for borrowing costs (iv)	28,098,569	1,944,726
Shares issued for capital raising costs (v)	4,687,500	65,625
Shares issued for creditors payment (vi)	37,113,333	588,600
Share-based expenses for difference between market value of shares and the value of the creditors paid	-	(103,925)
Less: Capital raising cost	-	(2,056,422)
As at 31 December 2022 (post-consolidation basis)	884,333,452	71,207,833
As at 1 July 2021 (pre-consolidation basis)	21,770,381,433	51,995,750
Shares placement (vii)	5,957,582,955	6,115,417
Exercise of options (viii)	352,166	1,056
Shares issued for borrowing costs (ix)	570,935,500	599,636
Shares issued for creditors payment (x)	2,725,644,500	2,725,645
Share-based expenses for difference between market value of shares and the value of the creditors paid	-	270,000
Less: Capital raising cost	-	(733,220)
	31,024,896,554	60,974,284
Shares to be issued	50,000,000	50,000
As at 30 June 2022 (pre-consolidation basis)	31,074,896,554	61,024,284

- (i) The Company completed the following shares placement to raise capital for working capital and exploration activities:
- On 25 August 2022, the Company issued 8,108,108 shares at an average share price of \$0.0185
 - On 14 September 2022, the Company issued 26,315,790 shares at an average share price of \$0.019
 - On 1 November 2022, the Company issued 49,333,334 shares at an average share price of \$0.015
 - On 2 November 2022, the Company issued 228,784,268 shares at an average share price of \$0.016
 - On 15 December 2022, the Company issued 43,750,000 shares at an average share price of \$0.016.

16. ISSUED CAPITAL & RESERVES (continued)

(a) Issued Capital (continued)

- (ii) Exercise of options:
- On 1 September 2022, 1,887,932 options were exercised with an exercise price of \$0.05.
- (iii) The Company issued the following shares as conversion of convertible notes:
- On 12 August 2022, the Company issued 6,944,444 shares at an average share price of \$0.0288
 - On 12 August 2022, the Company issued 2,500,000 shares at an average share price of \$0.03
 - On 26 August 2022, the Company issued 2,314,815 shares at an average share price of \$0.0216
 - On 29 August 2022, the Company issued 6,370,192 shares at an average share price of \$0.0208
 - On 13 September 2022, the Company issued 167,187,503 shares at an average share price of \$0.0176
 - On 14 October 2022, the Company issued 1,736,111 shares at an average share price of \$0.0144
 - On 14 December 2022, the Company issued 62,372,773 shares at an average share price of \$0.00842.
- (iv) The Company issued the following shares as part of loan establishment fees:
- On 12 August 2022, the Company issued 750,000 shares at an average price of \$0.035
 - On 12 August 2022, the Company issued 1,125,000 shares at an average price of \$0.04
 - On 12 August 2022, the Company issued 300,000 shares at an average price of \$0.055
 - On 12 August 2022, the Company issued 8,925,000 shares at an average price of \$0.15
 - On 2 September 2022, the Company issued 1,250,000 shares at an average price of \$0.15
 - On 14 September 2022, the Company issued 2,250,000 shares at an average price of \$0.016
 - On 14 September 2022, the Company issued 835,000 shares at an average price of \$0.0173
 - On 14 September 2022, the Company issued 600,000 shares at an average price of \$0.0231
 - On 1 November 2022, the Company issued 1,764,706 shares at an average price of \$0.016
 - On 1 November 2022, the Company issued 735,294 shares at an average price of \$0.02
 - On 1 November 2022, the Company issued 735,294 shares at an average price of \$0.022
 - On 1 November 2022, the Company issued 882,353 shares at an average price of \$0.15
 - On 15 December 2022, the Company issued 2,500,000 shares at an average price of \$0.001
 - On 15 December 2022, the Company issued 564,334 shares at an average price of \$0.01
 - On 15 December 2022, the Company issued 3,236,050 shares at an average price of \$0.012
 - On 15 December 2022, the Company issued 1,645,538 shares at an average price of \$0.017.

16. ISSUED CAPITAL & RESERVES (continued)

(a) Issued Capital (continued)

- (v) The Company issued the following shares as capital raising cost:
- On 1 November 2022, the Company issued 4,687,500 shares at an average price of \$0.014.
- (vi) The Company issued the following shares to reduce its creditors balance:
- On 12 August 2022, the Company issued 2,004,000 shares at an average share price of \$0.04
 - On 14 September 2022, the Company issued 9,336,000 shares at an average share price of \$0.02
 - On 15 December 2022, the Company issued 13,333,333 shares at an average share price of \$0.012
 - On 15 December 2022, the Company issued 12,440,000 shares at an average share price of \$0.013.
- (vii) The Company completed the following shares placement to raise capital for working capital and exploration activities:
- On 21 July 2021, the Company issued 300,000,000 shares at an average share price of \$0.001
 - On 8 September 2021, the Company issued 1,834,935,897 shares at an average share price of \$0.0013
 - On 22 September 2021, the Company issued 500,000,000 shares at an average share price of \$0.00085
 - On 22 September 2021, the Company issued 1,000,000,000 shares at an average share price of \$0.001
 - On 2 December 2021, the Company issued 205,000,000 shares at an average share price of \$0.001
 - On 22 March 2022, the Company issued 1,764,705,882 shares at an average share price of \$0.00085
 - On 1 April 2022, the Company issued 352,941,176 shares at an average share price of \$0.00085.
- (viii) Exercise of options:
- On 21 July 2021, 23,000 options were exercised with an exercise price of \$0.003
 - On 3 December 2021, 79,166 options were exercised with an exercise price of \$0.003
 - On 29 June 2022, 250,000 options were exercised with an exercise price of \$0.003.
- (ix) The Company issued the following shares as part of loan establishment fees:
- On 21 July 2021, the Company issued 28,700,000 shares at an average share price of \$0.002
 - On 22 September 2021, the Company issued 194,235,500 shares at an average share price of \$0.001
 - On 2 December 2021, the Company issued 169,000,000 shares at an average share price of \$0.001
 - On 4 February 2022, the Company issued 82,000,000 shares at an average share price of \$0.001
 - On 22 March 2022, the Company issued 97,000,000 shares at an average share price of \$0.001.

16. ISSUED CAPITAL & RESERVES (continued)

(a) Issued Capital (continued)

- (x) The Company issued the following shares to reduce its creditors balance:
- On 21 July 2021, the Company issued 270,000,000 shares at an average share price of \$0.001
 - On 22 September 2021, the Company issued 1,155,484,500 shares at an average share price of \$0.001
 - On 2 December 2021, the Company issued 83,440,000 shares at an average share price of \$0.001
 - On 4 February 2022, the Company issued 26,720,000 shares at an average share price of \$0.001
 - On 22 March 2022, the Company issued 590,000,000 shares at an average share price of \$0.001
 - On 1 April 2022, the Company issued 600,000,000 shares at an average share price of \$0.001.

(b) Reserves

Share reserve	No. of shares	\$
As at 1 July 2022 (pre-consolidation basis)	-	-
Post-consolidation basis; with 1:150 consolidation ratio effective on 8 July 2022	-	-
Shares to be issued	36,260,781	957,078
Shares issued	(5,000,000)	(377,500)
As at 31 December 2021	31,260,781	579,578

Option reserve	No. of options	\$
As at 1 July 2022 (pre-consolidation basis)	5,330,857,648	1,161,890
Post-consolidation basis; with 1:150 consolidation ratio effective on 8 July 2022	35,536,686	1,161,890
Options issued (i)	381,980,676	829,567
Exercise of options (ii)	(1,887,932)	-
Expiry of options	(101,527,557)	-
Movement fair value of unissued options	-	380,351
As at 31 December 2021	314,101,873	2,371,808

Performance rights reserve	No. of rights	\$
As at 1 July 2022 (pre-consolidation basis)	1,400,000,000	2,220,302
Post-consolidation basis; with 1:150 consolidation ratio effective on 8 July 2022	9,333,333	2,220,302
Addition/vested	-	144,479
Transferred to retained earnings	-	(1,967,500)
As at 31 December 2022	9,333,333	397,281

Total reserves **3,348,667**

16. ISSUED CAPITAL & RESERVES (continued)

(b) Reserves (continued)

- (i) On 3 August 2022, the Company issued 103,415,489 loyalty options with an exercise price of \$0.50 and expiry date of 25 August 2022.

The Company issued the following options with an exercise price of \$0.45 and expiry date of 3 February 2024:

- 5,000,000 options were issued on 26 August 2022 as success fee of Still Capital Pty Ltd in relation to the issuance of convertible notes on 11 July 2022
- 12,333,333 options were issued on 1 November 2022 as placement's free attaching options
- 600,000 options were issued on 1 November 2022 as borrowing's establishment fees.

The Company issued the following options under convertible notes with an exercise price of \$0.18 and expiry date of 1 June 2025:

- 9,064,725 options were issued on 26 August 2022
- 83,593,758 options were issued on 13 September 2022
- 868,056 options were issued on 14 October 2022
- 29,894,157 options were issued on 14 December 2022

The Company issued the following options an exercise price of \$0.10 and expiry date of 1 June 2025:

- 944,024 piggyback options were issued on 2 September 2022 as part of loyalty options offer
- 114,392,134 options were issued on 2 November 2022 as rights issue's free attaching option
- 21,875,000 options were issued on 15 December 2022 as placement's free attaching option

- (ii) 1,887,932 options were exercised at \$0.05 per option on 1 September 2022.

17. 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.

18. CONTINGENCIES

There has been no change in contingent liabilities since the last annual reporting date.

**DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**



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

A handwritten signature in black ink, appearing to read "John Lester", written in a cursive style.

**John Lester
Non-Executive Chairman**

15 March 2023