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**CLASSIC MINERALS LIMITED**  
**ABN: 77 119 484 016**

**HALF YEAR REPORT**  
**31 DECEMBER 2017**

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# CLASSIC MINERALS LTD

ABN 77 119 484 016

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# CLASSIC MINERALS LTD

ABN 77 119 484 016

## COMPANY INFORMATION

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### Directors

**Mr. John Lester**

(Non Executive Director) )

**Mr. Frederick Salkanovic**

(Non Executive Director)

**Mr. Lu Ning Yi**

(Non Executive Director)

### Company Secretary

Mr. Jeffrey Nurse

### Registered Office

71 Furniss Road

Landsdale WA, 6065

Telephone: (08) 6305 0221

Facsimile: (08) 9242 9295

Email: [admin@classicminerals.com.au](mailto:admin@classicminerals.com.au)

### Auditors

Bentleys Audit & Corporate (WA) Pty Ltd

Level 3,

London House,

216 St George's Terrace,

Perth WA 6000.

Telephone: (08) 9226 4500

Facsimile: (08) 9226 4300

### Bankers

National Australia Bank

226 Main Street,

Osborne Park, WA, 6107

### Share Registry

Advanced Share Registry Limited

110 Stirling Highway,

Nedlands, 6009, WA

Telephone: (08) 9389 8033

Facsimile: (08) 9262 3723

### Stock Exchange Listing

The Company is listed on the Australian Securities Exchange Ltd (ASX)

Home Exchange: Perth, Western Australia

### Website

[www.classicminerals.com.au](http://www.classicminerals.com.au)

### Australian Securities Exchange Code:

CLZ

# CLASSIC MINERALS LTD

ABN 77 119 484 016

## DIRECTORS' REPORT

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The directors of Classic Minerals Ltd submit herewith the financial report for the half-year ended 31 December 2017. In order to comply with the provisions of the *Corporations Act 2001* the directors report as follows:

### Directors

The names of the directors of the company during or since the end of the half year are:

Mr. John Lester (appointed 6 November 2017)  
Mr. Justin Douch (resigned 6 November 2017)  
Mr. Frederick Salkanovic (appointed 31 August 2017)  
Mr. Yi Lu Ning

Unless otherwise stated, all directors were in office for the period under review, and up to the date of this report.

### Review of Operations

The loss for the six-month period ended 31 December 2017 was \$2,245,596 (31 December 2016 loss \$1,263,969). As at 31 December 2017, Classic Minerals Ltd ("Classic" or "the Company") had 889,995,708 shares on issue.

### **Exploration Activities**

#### **Forrestania Gold Project, Western Australia.**

The Forrestania Gold Project (FGP) Contains an existing Minerals Resource of 5.9mt at 1.25g/t for 240,000 ounces of Gold, classified and reported in accordance with the JORC code (2012), with the recent scoping study indicating both the technical and viability of the project.

#### **Operations**

##### **Phase 2 drilling program.**

During the half yearly reporting period the following activities were accomplished.

The company's phase 2 drilling program commenced at the Forrestania Gold project on August 3<sup>rd</sup>, 2018 and was completed on the 13<sup>th</sup> October 2018 designed to follow-up high-grade extensions at both Lady Magdalene and Lady Ada deposits identified during the phase 1 drilling program.

##### **Phase 2 drilling at FGP**

- 38 RC Holes totalling 2840m.
- 2 Diamond Drill holes totalling 206.1m

In Addition to the RC and DD drilling at the Lady ADA and Lady Magdalene gold projects, on-going geological work included sampling, mapping and prospecting, particularly around the lady Ada deposit. This has yielded high grade gold samples (in the form of visible gold in quartz rock samples).

*Samples from the Phase 2 drilling program has been submitted to local laboratory's for chemical analysis, Results can be found in the company's 2017 and 2018 ASX announcements.*

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## **Ongoing work at FGP**

Following the completion of the 2017 operations programs, Classic will be focused on building its resources inventory and improving the JORC classification. Upcoming activities will include

- Exploration within the Lady Magdalene resource area to locate potential high grade Lady Ada style mineralisation.
- Preparation of new JORC Resource estimations following Phase 2 drilling.
- Incorporation of any increased JORC Resource into revised scoping study/PFS
- Drill Program at Lady Lila to increase resource size
- Shallow RAB/AC drilling program to test 7 priority 1 drilling targets
- Drill program at Katgap project to increase resource size and improve confidence with eventual goal of incorporation into FGP mine plan/scoping study.
- Further Research and Data review

## **Fraser Range Project.**

Classic's Fraser Range Project (E28/1904) is 40km to the north east of Sirius' Nova deposit on the Fraser-Albany Mobile Belt, 160 km east southeast of Kambalda. Classic holds a 28 km strike across 84 km<sup>2</sup>. To date it has identified 19 conductors across the tenement and made two key discoveries.

## **Operations**

During the half yearly reporting period activities at the Fraser Range project included a mapping program targeting potential graphite Ni, Cu, and gold indicators.

Desktop studies included computer applications, modelling, a review of data bases. Additional work included exploration target generation, geological interpretation, literature review and review of historic exploration results.

## **Kat Gap Project.**

The Katgap project is strategically located approximately 50km south-south east of the companies Forrestania gold project and adjoins the Forrestania Ni project currently operated by Western Areas Ltd.

The project contains a shallow unmined gold deposit discovered in the 1990s. Historical drilling intercepts include 15m @ 15.1 g/t Au from 39m depth and 6m @ 19.1 g/t from 17m depth.

## **Operations**

During the half yearly reporting period activities at the Katgap project included a mapping program targeting priority gold targets in readiness for a planned Q2 2018 RC and Diamond drilling program.

In addition, desktop studies included computer applications, modelling, and a review of data bases were undertaken.

# CLASSIC MINERALS LTD

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## **DIRECTORS' REPORT**

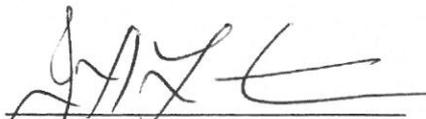
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There are no other matters or circumstances that have arisen since the end of the half year which will significantly affect, or may significantly effect, the state of affairs of the reporting entity in future periods.

### **Auditor's Declaration**

The auditor's independence declaration under s.307C of the Corporations Act 2001 is included on page 5 of the half-year financial report.

This report is signed in accordance with a resolution of the board of directors.



**John Lester**  
**Non-Executive Director**  
**16 March 2018**

**Bentleys Audit & Corporate  
(WA) Pty Ltd**

London House  
Level 3,  
216 St Georges Terrace  
Perth WA 6000

PO Box 7775  
Cloisters Square WA 6850

ABN 33 121 222 802

T +61 8 9226 4500

F +61 8 9226 4300

[bentleys.com.au](http://bentleys.com.au)

To the Board of Directors

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

As lead audit director for the review of the financial statements of Classic Minerals Limited for the period ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully



**BENTLEYS**  
Chartered Accountants



**MARK DELAURENTIS CA**  
Director

Dated at Perth this 16<sup>th</sup> day of March 2018

## Independent Auditor's Review Report

### To the Members of Classic Minerals Limited

We have reviewed the accompanying financial report of Classic Minerals Limited ("the Company") which comprises the condensed statement of financial position as at 31 December 2017, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the Company.

### Directors Responsibility for the Financial Report

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

### Auditor's Responsibility

Our responsibility is to express a conclusion on the financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the 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 2017 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*. As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a 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.

## Independent Auditor's Review Report

To the Members of Classic Minerals Limited (Continued)



### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

### Conclusion

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

- a. Giving a true and fair view of the Company's financial position as at 31 December 2017 and of its performance for the period ended on that date; and
- b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

### Material Uncertainty Related to Going Concern

We draw attention to Note 1(c) in the financial report, which indicates that the Company incurred a net loss of \$2,245,596 during the half year ended 31 December 2017. As stated in Note 1(c), these events or conditions, along with other matters as set forth in Note 1(c), indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

**BENTLEYS**  
Chartered Accountants

**MARK DELAURENTIS CA**  
Director

Dated at Perth this 16<sup>th</sup> day of March 2018

# CLASSIC MINERALS LTD

ABN 77 119 484 016

## **DIRECTORS' DECLARATION FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

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The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 9 to 20 are in accordance with the *Corporations Act 2001*, including:
  - a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
  - b) giving a true and fair view of the Company's financial position as at 31 December 2017 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the board of directors.



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**John Lester**  
**Non-Executive Director**  
**16 March 2018**

# CLASSIC MINERALS LTD

ABN 77 119 484 016

## CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	31 December 2017 \$	31 December 2016 \$
Research & Development Rebate	554,408	-
Interest Income	254	86
Advertising and marketing expenses	(84,273)	(6,862)
Auditor's remuneration	(17,885)	(18,105)
ASX Listing Fees and filing fees	(38,550)	(20,058)
Depreciation	(19,062)	(23,547)
Directors' fees	(102,656)	(191,875)
Employee benefits expenses	(437,923)	(372,334)
Exploration expenditure written off	(1,483,740)	(74,799)
Finance costs	(171,877)	(182,207)
Legal and professional fees	(293,079)	(282,250)
Occupancy costs	(49,314)	(46,966)
Other administrative expenses	(101,899)	(45,052)
<b>Loss before income tax expense</b>	<b>(2,245,596)</b>	<b>(1,263,969)</b>
Income tax expense	-	-
<b>Loss for the period</b>	<b>(2,245,596)</b>	<b>(1,263,969)</b>
<b>Other comprehensive income</b>	-	-
<b>Total comprehensive loss for the period</b>	<b>(2,245,596)</b>	<b>(1,263,969)</b>
<b>Loss per share</b>		
Basic and diluted (cents per share)	(0.37)	(0.37)

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

# CLASSIC MINERALS LTD

ABN 77 119 484 016

## CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Note	31 December 2017 \$	30 June 2017 \$ Restated*
<b>Current assets</b>			
Cash and cash equivalents		51,494	1,087,258
Trade and other receivables	4	389,648	103,740
Other assets	5	147,499	200,277
<b>Total current assets</b>		<b>588,641</b>	<b>1,391,275</b>
<b>Non-current assets</b>			
Property, plant and equipment	6	174,739	179,384
Other assets	5	53,642	3,642
Exploration and evaluation costs	7	1,250,000	-
<b>Total non-current assets</b>		<b>1,478,381</b>	<b>183,026</b>
<b>Total assets</b>		<b>2,067,022</b>	<b>1,574,301</b>
<b>Current liabilities</b>			
Trade and other payables		2,508,512	2,551,417
Employee Provisions		61,429	74,177
Borrowings	8	1,244,467	1,025,415
<b>Total current liabilities</b>		<b>3,814,408</b>	<b>3,651,009</b>
<b>Non-current liabilities</b>			
Borrowings	8	-	61,106
<b>Total non-current liabilities</b>		<b>-</b>	<b>61,106</b>
<b>Total liabilities</b>		<b>3,814,408</b>	<b>3,712,115</b>
<b>Net liabilities</b>		<b>(1,747,386)</b>	<b>(2,137,814)</b>
<b>Equity</b>			
Issued capital	9	16,315,912	13,679,888
Accumulated losses		(18,063,298)	(15,817,702)
<b>Total equity</b>		<b>(1,747,386)</b>	<b>(2,137,814)</b>

\* Refer Note 1(d)

*The above condensed statement of financial position should be read in conjunction with the accompanying notes.*

# CLASSIC MINERALS LTD

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## CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Issued Capital	Accumulated Losses	Total Equity
	\$	\$	\$
<b>Balance at 1 July 2016</b>	13,030,949	(12,501,039)	529,910
Loss for the period	-	(1,113,969)	(1,113,969)
Other comprehensive income	-	-	-
<b>Total comprehensive loss</b>	-	(1,113,969)	(1,113,969)
<i>Transactions with owner, directly recognised in equity</i>			
Issue of shares	282,500	-	282,500
<b>Balance at 31 December 2016</b>	<b>13,313,449</b>	<b>(13,615,008)</b>	<b>(301,559)</b>
<b>Balance at 1 July 2017 – restated*</b>	13,679,888	(15,817,702)	(2,137,814)
Loss for the period	-	(2,245,596)	(2,245,596)
Other comprehensive income	-	-	-
<b>Total comprehensive loss</b>	-	(2,245,596)	(2,245,596)
<i>Transactions with owner, directly recognised in equity</i>			
Issues of shares	2,636,024	-	2,636,024
<b>Balance at 31 December 2017</b>	<b>16,315,912</b>	<b>(18,063,298)</b>	<b>(1,747,386)</b>

\* Refer Note 1(d)

*The above condensed statement of changes in equity should be read in conjunction with the accompanying notes.*

# CLASSIC MINERALS LTD

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## CONDENSED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	31 December 2017 \$	31 December 2016 \$
<b>Cash flows from operating activities</b>		
Receipt of Research & Development rebate	554,408	-
Interest Income	254	86
Payments to suppliers and employees	(721,010)	(958,681)
Payments for exploration expenditure	(1,176,108)	(74,799)
<b>Net cash used in operating activities</b>	<b>(1,342,456)</b>	<b>(1,033,394)</b>
<b>Cash flows from investing activities</b>		
Proceeds from the disposal of tenement – Doherty's	50,000	1,200,000
Payment for property, plant and equipment	(14,418)	-
<b>Net cash generated by investing activities</b>	<b>35,582</b>	<b>1,200,000</b>
<b>Cash flows from financing activities</b>		
Drawings of short-term loans	144,268	106,000
Repayment of short-term loans	-	(255,000)
Proceeds from Issue of shares	126,842	--
<b>Net cash generated by / (used in) financing activities</b>	<b>271,110</b>	<b>(149,000)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(1,035,764)</b>	<b>17,606</b>
Cash and cash equivalents at the beginning of the half-year	1,087,258	56,555
<b>Cash and cash equivalents at the end of the half-year</b>	<b>51,494</b>	<b>74,161</b>

*The above condensed statement of cash flows should be read in conjunction with the accompanying notes.*

# CLASSIC MINERALS LTD

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

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### 1. SUMMARY OF ACCOUNTING POLICIES

#### Significant Accounting Policies

##### **a) *Statement of Compliance***

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards including AASB 134 Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes comply with International Financial Reporting Standards. The half-year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the 2017 annual financial report.

##### **b) *Basis of Preparation***

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2017 annual financial report for the financial year ended 30 June 2017, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

#### **New or revised standards and interpretations that are first effective in the current reporting period**

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company during the financial year.

Consistent with the 30 June 2017 annual financial report, Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Company, together with an assessment of the potential impact of such pronouncements on the Company when adopted in future periods, are not expected to materially impact the Company's financial statements.

# CLASSIC MINERALS LTD

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

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### 1. SUMMARY OF ACCOUNTING POLICIES

#### c) *Going concern*

The half-year financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business. The Company made a loss of \$2,245,596 for the half year ended 31 December 2017 (31 December 2016: \$1,113,969).

The net working capital deficit position of the Company at 31 December 2017 was \$3,225,767 (30 June 2017: net working capital of \$2,103,534). Cash outflows from operations of the Company at 31 December 2017 were \$1,342,456 (31 December 2016: \$1,033,394) and the net movement in cash held during the half year was a decrease of \$1,035,764 (31 December 2016: increase of \$72,155).

The ability of the Company to continue to pay its debts as and when they fall due is dependent upon the Company successfully raising capital.

These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern.

The Directors have prepared a cash flow forecast, which indicates that the Company will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this half-year financial report.

The Directors believe it is appropriate to prepare these accounts on a going concern basis because:

- the Company is currently in the process of completing a Share Purchase Plan closing on the 23<sup>rd</sup> of March 2018. As at the date of this report, \$251,000 has been raised under the Share Purchase Plan, with the expected amount to be raised of \$400,000;
- the Directors are planning to complete two private placements in the next 3 months to raise approximately \$2,600,000;
- during the period the Company amended its Standby Subscription Agreement with Stock Assist Group Pty Ltd, the amended facility provides access for up to \$5,000,000 increased from \$1,000,000. By issuing shares at 80% of 5 day VWAP the Company can utilise this facility to meet short-term working capital requirements. As at 31 December 2017, since the inception of the facility approximately \$0.46m has been drawn down and utilised, of which \$0.44m was utilised during the period;
- As disclosed in Note 4, the Company issued 67,000,000 shares to related parties of Stock Assist Group Pty Ltd. The directors expect that \$214,400 will be received in September 2018 as a result of this issue;
- the Directors are planning to complete a Research and Development claim for the financial year ending 30 June 2018;
- As disclosed in Note 8, the Company has a loan payable to MDVest Pty Ltd of \$1,000,000 as at 31 December 2017. Subsequent to 31 December 2017, the loan maturity was extended to 28 August 2018 and the loan was transferred from MDVest Pty Ltd to Gurindji Pty Ltd;
- the Directors have an appropriate plan to communicate and manage its existing creditors based on the results of the above, with the aim to settle old amounts outstanding.

If the Company is not successful in the above, it may be necessary to sell some of its assets or farm out exploration projects. Should this not raise sufficient working capital for the Company to continue as a going concern, it will be required to raise funding in the immediate future to address its working capital deficit.

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 half-year 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.

# CLASSIC MINERALS LTD

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

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### 1. SUMMARY OF ACCOUNTING POLICIES

#### d) *Restatement of prior period*

During the period, a prior period error was identified as an omission in the 30 June 2017 financial report. Amounts payable of \$156,000 relating to the share component of an introduction fee for the sale of the Doherty's project was approved by shareholders at an Extraordinary General Meeting on 22 June 2017 was not accrued as at 30 June 2017. As a result, the comparative figures have been adjusted for this error, which impacts the following line items:

		30-06-17	
	Original	Adjustment	Restated
Trade and other payables	2,395,417	156,000	2,551,417
Accumulated losses	(15,661,702)	(156,000)	(15,817,702)

### 2. SUBSEQUENT EVENTS

On 23 February 2018, the company launched a Share Purchase Plan ("SPP"). As at the date of this report the Company has received \$251,000 in acceptances from its shareholders. Proceeds from this SPP will be used to advance the programs described below.

The Company is planning an aggressive work program with the aim of developing existing gold resources and discovering new high grade gold deposits with the Company's extensive ground holdings at Forrestania. Work will include the completion of resource development drilling and resource calculations at Lady Ada and Lady Magdalene to identify very high grade gold lodes similar to Lady Ada and extensive regional exploration drilling testing high priority exploration targets for new gold deposits.

There are no other matters or circumstances that have arisen since the end of the half year which will significantly affect, or may significantly affect, the state of affairs of the reporting entity in future periods.

### 3. OPERATING SEGMENTS

The company has 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.

# CLASSIC MINERALS LTD

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## 4. TRADE AND OTHER RECEIVABLES

	31 December 2017	30 June 2017
Current:	\$	\$
Receivable from Accelerated Mining Pty Ltd (i)	-	50,000
Other Receivables	53,669	30,136
Receivable from capital raising (ii)	314,400	-
Bonds and Security Deposits	21,579	23,604
	<u>389,648</u>	<u>103,740</u>

- (i) The amount of \$50,000 which was outstanding as at 30 June 2017 was subsequently received in July 2017. The project tenure has subsequently been transferred to the purchaser and the Company no longer holds an interest in the Doherty's project.
- (ii) Included within this amount was funds of \$100,000 outstanding from shares issued on 29 December 2017. This amount was received in full in January 2018.

On 21 September 2017, 67,000,000 shares were issued to related parties of Stock Assist Group Pty Ltd. Under the terms of this issue, should the share price of the Company reach or exceed \$0.009 on or before 21 March 2018, the Company will be entitled to funds of \$469,000 on or before 21 March 2018. Should this condition not be met, the Company will be entitled to \$214,400 on or before 21 September 2018.

## 5. OTHER ASSETS

	31 December 2017	30 June 2017
Current:	\$	\$
Prepaid Drilling Expenses	145,477	200,277
Other prepayments	2,022	-
	<u>147,499</u>	<u>200,277</u>
Non-current:		
Bonds on tenements (i)	3,642	3,642
Option Fee – Kat Gap tenements (ii)	50,000	-
	<u>53,642</u>	<u>3,642</u>

- (i) The Company has a contract with Denarda Holdings Pty Ltd for the provision of drilling services. Pursuant to this Agreement the Company has prepaid drilling expenses. This prepayment will be recovered from drilling and other associated services provided by Denarda.
- (iii) On 5 July 2017, the Company signed an Agreement with Sulphide Resources Pty Ltd to acquire 100% interest in two exploration licences – E74/422 and E74/467 also known as the Kat Gap project. Under this Agreement, Classic paid an Option Fee of \$55,000 (GST Inclusive) and has the right to purchase the tenements within 18 months for a further consideration of \$250,000. In addition, to the Option Fee, the Company must spend \$140,000 on the tenements during the option period. The Kat Gap project is located approximately 50km south-south east of the Company's Forresteria gold project.

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## 6. PROPERTY, PLANT AND EQUIPMENT

	Plant & Equipment \$	Motor Vehicle under Hire Purchase \$	Motor Caravans and Quad Bikes \$	Vehicles, \$	TOTAL \$
<b>Gross Carrying Amount</b>					
Balance at 30 June 2017	163,375	139,853	232,394		535,622
Additions	9,617	-	5,000		14,617
Balance at 31 December 2017	<b>172,992</b>	<b>139,853</b>	<b>237,394</b>		<b>550,239</b>
<b>Accumulated Depreciation</b>					
Balance at 30 June 2017	139,681	73,043	143,714		356,438
Depreciation expense	4,796	6,263	8,003		19,062
Balance at 31 December 2017	<b>144,477</b>	<b>79,306</b>	<b>151,717</b>		<b>375,500</b>
<b>Net Book Value</b>					
As at 30 June 2017	<b>23,895</b>	<b>66,809</b>	<b>88,680</b>		<b>179,384</b>
As at 31 December 2017	<b>28,515</b>	<b>60,547</b>	<b>85,677</b>		<b>174,739</b>

## 7. EXPLORATION AND EVALUATION ASSETS

	31 December 2017 \$	30 June 2017 \$
Non-Current:		
Acquisition costs for tenements (i), (ii)	1,250,000	-
	<u>1,250,000</u>	<u>-</u>

- (i) Pursuant to a Heads of Agreement dated 20 March 2017 between the company and Fortuna SL Mining Pty Ltd ("Fortuna") the Company acquired 100% interest in two prospecting licences – P77/4325 and P77/4326. These tenements are also known as the Lady Lila tenements. As consideration for this acquisition, the Company issued 40M shares to Fortuna in August 2017. The Company's shareholders at its General Meeting dated 21 June 2017 approved this share issue. Fortuna will retain a 2.5% Net Smelter Royalty ("NSR") on all gold production
- (ii) On 22 August 2017, Classic issued 85M shares as consideration to Stock Assist Group Pty Ltd to acquire 80% of the gold rights over five exploration licences – E77/2207, E77/2219, E77/2220, E77/2239 and E77/2303 as well as two prospecting licences – P77/4290 and P77/4291. These tenements are collectively known as the Forrestania gold project.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

### 8. BORROWINGS

	31 December 2017	30 June 2017
	\$	
<b>Current</b>		
Loans from shareholders (i)	169,683	2,350
Convertible Note with related party (ii)	1,000,000	1,000,000
Hire Purchase contract (iii)	74,784	23,065
Balance at end of the period	<u>1,244,467</u>	<u>1,025,415</u>
<b>Non-Current</b>		
Hire Purchase contract (iii)	-	61,106
Balance at end of the period	<u>-</u>	<u>61,106</u>

- (i) Four short-term, unsecured loans of \$66,000, \$50,000, \$36,641 and \$17,042 have been advanced to the Company by its shareholders. These short-term loans did not attract any interest.
- (ii) On 26 August 2015, the Company has received \$1m via a convertible note from Mdivest Pty Ltd, a company related to Marlene Douth (mother of Justin Douth). The convertible note is convertible to ordinary shares at a price of \$0.03, subject to shareholder approval.

The maturity of the convertible note is 25 February 2018 with interest applicable on this initial extension of 20.0% per annum, and requiring the issue of 2,000,000 CLZ shares (not issued as at the date of this report). Subsequent to year end, the convertible note maturity date has been extended until 25 August 2018, with interest applicable to this second extension of 20% per annum, and requiring the issue of 3,000,000 CLZ shares (not issued as at the date of this report).

Furthermore, subsequent to year end the convertible note was transferred from Mdivest Pty Ltd to an entity name Gurindji Pty Ltd on the same terms and conditions.

- (iii) The hire purchase contract is secured by a motor vehicle

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

### 9. ISSUED CAPITAL

#### Shares

The following shares were issued during the half-year reporting period ended 31 December 2017:

	Note	31 December 2017 \$	Number of Shares
At the beginning of the reporting period		13,679,888	410,572,007
Shares issued at \$0.006 (August 2017)		10,000	1,666,666
Shares issued at \$0.007 (August 2017)		5,000	714,286
Shares issued at \$0.006 (August 2017)		156,000	26,000,000
Shares issued at \$0.01 (August 2017)	7	400,000	40,000,000
Shares issued at \$0.01 (August 2017)	7	850,000	85,000,000
Shares issued at \$0.01 (August 2017)		56,265	5,626,515
Shares issued at \$0.008 (September 2017)		64,000	8,000,000
Shares issued at \$0.00392 (September 2017)		330,400	84,199,999
Shares issued at \$0.00343 (November 2017)		350,000	101,863,765
Shares issued at \$0.004 (December 2017)		50,005	12,501,328
Shares issued at \$0.0032 cents (December 2017)		13,990	4,372,188
Shares issued at \$0.00326 (December 2017)		1,564	479,954
Shares issued at \$0.0032 (December 2017)		28,800	9,000,000
Shares issued at \$0.0032 (December 2017)		320,000	100,000,000
At the end of the reporting period		16,315,912	889,995,708

#### Options

There were no options outstanding as at 31 December 2017.

### 10. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of trade and other receivables, trade and other payables and borrowings. These financial instruments are measured at amortised cost, less any provision for non-recovery. The carrying amount of the financial assets and liabilities approximate their fair value.

### 11. RELATED PARTY TRANSACTIONS

In November 2017, the Company implemented changes to its corporate structure, which included the resignation of Mr Justin Douch as Managing Director, the appointment of Mr Dean Goodwin as CEO and the appointment of Mr John Lester as a non-executive director.

There have been no changes in the nature of related party transactions to those disclosed in the 30 June 2017 annual report.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

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### 12. CONTINGENT LIABILITIES

The Company will hold a General Meeting (GM) on 9 April 2018. Shareholder approval will be requested for five resolutions. Shareholder Approval will be requested for the ratification of 136,216,235 shares issued to Stock Assist Group Pty Ltd during the last six-month period until December 2017. A second resolution seeks shareholder ratification for the issue of 7,142,857 shares to Lincoln and Pauline Topham in November 2017.

As disclosed in Note 7, as part of the acquisition of the Lady Lila tenements, Fortuna SL Mining Pty Ltd is entitled to a 2.5% Net Smelter Royalty ("NSR") on all gold production from these tenements.

Apart from the above, there have been no changes to the Company's contingent liabilities since 30 June 2017.