

Classic Minerals Limited

ACN 119 484 016

BONUS ISSUE PROSPECTUS

for

A bonus issue of one (1) *bonus option* for every four (4) *shares* held on the *record date* (***offer***)

No funds will be raised as a result of the *offer*.

This document is important and should be read in its entirety. If after reading this prospectus you have any questions about the securities being offered under this prospectus or any other matter, then you should consult your stockbroker, accountant or other professional advisor.

Shares issued on exercise of the bonus options offered by this prospectus should be considered as highly speculative.

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1. CORPORATE DIRECTORY

<i>directors</i>	John Lester	Non-Executive Chairman
	Frederick Salkanovic	Non-Executive Director
	Lu Ning Yi	Non-Executive Director
	Stephen O'Grady	Non-Executive Director
<i>company secretary</i>	Madhu Bhalla	
<i>registered office</i>	71 Furniss Road, Landsdale, WA 6065	
<i>telephone</i>	+61 8 6305 0221	
<i>email</i>	contact@classicminerals.com.au	
<i>website</i>	www.classicminerals.com.au	
<i>share registry*</i>	Advanced Share Registry Services 110 Stirling Highway, Nedlands WA 6009	
<i>auditor*</i>	Bentleys Audit & Corporate (WA) Pty Ltd Level 3, 216 St Georges Terrace, Perth WA 6000	
<i>solicitors to the company</i>	Blackwall Legal LLP Level 26, 140 St Georges Terrace, Perth WA 6000	
<i>securities exchange</i>	ASX Code: CLZ	

* These entities are included for information purposes only. They have not been involved in the preparation of the *prospectus* and have not consented to being named in the *prospectus*.

2. TIMETABLE

<i>Tuesday,</i> <i>19 January 2021</i>	Lodgement of <i>prospectus</i> with ASIC
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<i>Tuesday,</i> <i>19 January 2021</i>	Announcement of <i>offer</i> and lodgement of Appendix 3B with ASX
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<i>Tuesday,</i> <i>19 January 2021</i>	Notice sent to <i>option</i> holders
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<i>Friday,</i> <i>22 January 2021</i>	<i>Shares</i> trade “ex-rights”
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<i>Monday,</i> <i>25 January 2021</i>	<i>Record date</i>
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<i>Tuesday,</i> <i>2 February 2021</i>	Issue <i>bonus options</i> and apply for <i>quotation</i>
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The above timetable is indicative only and subject to change. Subject to the *listing rules*, the *directors* reserve the right to vary these dates, including the *record date*, without prior notice. Any extension of the *record date* will have a consequential effect on the anticipated date for issue of the *bonus options*. The *directors* also reserve the right not to proceed with the whole or part of the *offer* at any time prior to allotment.

3. IMPORTANT NOTES

3.1. Lodgement and timing

- 3.1.1. This *prospectus* is dated 19 January 2021 and was lodged with ASIC on that date. ASIC, ASX and their respective officers take no responsibility for the contents of this *prospectus* or the merits of the investment to which this *prospectus* relates.
- 3.1.2. No *bonus options* may be issued on the basis of this *prospectus* later than 13 months after the date of this *prospectus*.
- 3.1.3. Application will be made to ASX within seven days after the date of this *prospectus* for quotation of the *bonus options* the subject of the *offer*.

3.2. Disclaimer

- 3.2.1. No person is authorised to give information or to make any representation in connection with this *prospectus*, which is not contained in the *prospectus*. Any information or representation not so contained may not be relied on as having been authorised by the *company* in connection with this *prospectus*.
- 3.2.2. It is important that investors read this *prospectus* in its entirety and seek professional advice where necessary. The *bonus options* the subject of this *prospectus* should be considered highly speculative. No document or information included on the *company's* website is incorporated by reference into this *prospectus*.

3.3. Continuously quoted securities

In preparing this *prospectus*, regard has been had to the fact that the *company* is a “disclosing entity” for the purposes of the *Corporations Act* and that certain matters may reasonably be expected to be known to investors and their professional advisers. This *prospectus* is issued pursuant to section 713 of the *Corporations Act*; it is intended to be read in conjunction with the publicly available information in relation to the *company* which has been notified to ASX and does not include all information that would be included in a prospectus for an initial public offering.

3.4. Risks

- 3.4.1. It is important that investors read this *prospectus* in its entirety and seek professional advice where necessary. There are risks associated with an investment in the *company* and the *bonus options* the subject of the *offer* should be considered highly speculative.
- 3.4.2. You should consider the risk factors that could affect the value of an investment in the *company*, some of which are outlined in *Section 6* of the *prospectus*. The *bonus options*

offered under this *prospectus* carry no guarantee with respect to return on investment, payment of dividends or the future value of the *bonus options*.

3.5. Applications

As the *offer* involves the issue of *bonus options* to all *shareholders* on a pro rata basis for nil consideration, there is no requirement for applications to be submitted to receive *bonus options*.

3.6. Forward-looking statements

- 3.6.1. This *prospectus* may contain forward-looking statements which are identified by words such as ‘may’, ‘could’, ‘believes’, ‘estimates’, ‘targets’, ‘expects’, or ‘intends’ and other similar words that involve risks and uncertainties.
- 3.6.2. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this *prospectus*, are expected to take place.
- 3.6.3. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the *company*, the *directors* and management.
- 3.6.4. We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this *prospectus* will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.
- 3.6.5. We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this *prospectus*, except where required by law. These forward-looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in *Section 6*.

3.7. Overseas shareholders

- 3.7.1. This *prospectus* does not constitute an offer or invitation in any place in which, or to any person to whom it would not be lawful to make such an offer or invitation. The distribution of this *prospectus* in jurisdictions outside Australia may be restricted by law and persons who come into possession of this *prospectus* should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities law.
- 3.7.2. The *offer* contained in this *prospectus* to *shareholders* with registered addresses in New Zealand is made in reliance on the *Securities Act (Overseas Companies) Exemption Notice*

2013 (New Zealand). This *prospectus* is not an investment statement or offer document under New Zealand law, and may not contain all the information that an investment statement or offer document under New Zealand law is required to contain.

3.8. Taxation

- 3.8.1. It is the responsibility of all persons to satisfy themselves of the taxation treatment that applies to them in relation to the *offer*, by consulting their own professional tax advisers. Neither the *company* nor any of its *directors* or officers accepts any liability or responsibility in respect of the taxation consequences of the matters referred to above.

3.9. Privacy

- 3.9.1. If you complete an *application* for *shares*, you will be providing personal information to the *company* (directly or through the *company's* share registry). The *company* collects, holds and will use that information to assess your application, service your needs as a holder of *securities* in the *company*, facilitate distribution payments and corporate communications to you as a *shareholder*, and carry out administration.
- 3.9.2. The information may also be used from time to time and disclosed to persons inspecting the *company's securities* registers, bidders for your *securities* in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the *company's* share registry.
- 3.9.3. You can access, correct and update the personal information that we hold about you. Please contact the *company* or its share registry if you wish to do so at the relevant contact numbers set out in this *prospectus*.
- 3.9.4. Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the *Corporations Act* and certain rules such as the *settlement operating rules*. You should note that if you do not provide the information required on the application for *shares*, the *company* may not be able to process or accept your application.

3.10. Speculative investment

- 3.10.1. An investment in *shares* issued on exercise of the *bonus options* offered under this *prospectus* should be considered highly speculative. Refer to *Section 6* for details of the key risks applicable to an investment in the *company*.
- 3.10.2. There is no guarantee that *shares* issued on exercise of the *bonus options* offered under this *prospectus* will make a return on the capital invested, that dividends will be paid on *shares* issued on exercise of *bonus options*, or that there will be an increase in the value of the *bonus options* in the future.

3.11. Other matters

- 3.11.1. All financial amounts in this *prospectus* are expressed as Australian dollars unless otherwise stated. Any discrepancies between totals and sums and components in tables contained in this *prospectus* are due to rounding.
- 3.11.2. Defined terms and abbreviations italicised in this *prospectus* are detailed in the *glossary* in *Section 9*.

3.12. Enquiries

If you are in any doubt as to how to deal with any of the matters raised in this *prospectus*, you should consult with your broker, or legal, financial or other professional adviser without delay.

4. DETAILS OF THE OFFER

4.1. Summary

- 4.1.1. The *offer* is a pro rata bonus issue of approximately 4.26 billion *bonus options* for nil consideration. No funds will be raised under the offer.
- 4.1.2. *Eligible shareholders* will be issued one (1) *bonus option* for every four (4) *shares* held by them at 5.00pm WST on the *record date*.
- 4.1.3. All of the *bonus options* offered under this *prospectus* will be issued on the terms and conditions set out in *Section 7.1*.

4.2. Minimum subscription

The is no minimum subscription.

4.3. Eligible shareholders

- 4.3.1. The *offer* is being made to those *shareholders* who:
 - (a) are registered as a holder of *shares* as at the *record date*;
 - (b) have a registered address in Australia or New Zealand; and
 - (c) are eligible under all applicable securities laws to receive an offer under the *offer*, (*eligible shareholders*).
- 4.3.2. The *company* is of the view that it is unreasonable to make offers under the *offer* to *shareholders* outside of Australia and New Zealand having regard to:
 - (a) the relatively small number of *shareholders* outside of Australia and New Zealand as a proportion of all *shareholders*;
 - (b) the number and value of the *bonus options* to be offered to *shareholders* outside of Australia and New Zealand; and
 - (c) the cost of complying with the legal requirements of regulatory authorities in the overseas jurisdictions.

4.4. Entitlements of eligible shareholders

- 4.4.1. In calculating each *eligible shareholder's* entitlement, fractional entitlements to *bonus options* have been rounded up to the nearest whole number of *bonus options*.

4.5. No rights trading

The rights to *bonus options* under the *offer* are non-renounceable. *Eligible shareholders* may not sell or transfer any part of their entitlements.

4.6. Issue of bonus options

Bonus options issued pursuant to the *offer* will be issued in accordance with the *listing rules* and the timetable set out at in *Section 2*.

4.7. Quotation of bonus options

4.7.1. Application for *quotation* of the *bonus options* issued pursuant to this *prospectus* will be made in accordance with the timetable set out in *Section 2*. However, the *bonus options* will remain unquoted until such time as the *company* satisfies the *quotation* requirements.

4.7.2. The *company* anticipates that *quotation* will occur soon after issue of the *bonus options*. If *ASX* does not grant *official quotation* of the *bonus options* before the expiration of 3 months after the date of issue of the *prospectus* (or such period as varied by *ASIC*) any *bonus options* issued will be void in accordance with section 723(3) of the *Corporations Act*.

4.7.3. The fact that *ASX* may grant *quotation* to the *bonus options* is not to be taken in any way as an indication of the merits of the *company* or the *bonus options* now offered.

4.8. Withdrawal of the offer

The *company* reserves the right to withdraw all or part of the *offer*, and this *prospectus*, at any time, subject to applicable laws.

5. PURPOSE AND EFFECT OF THE OFFER

5.1. Purpose of the offer

- 5.1.1. The purpose of the *offer* is to reward *shareholders* for supporting the *company* and to provide the *company* with a potential source of additional capital if *bonus options* are exercised. No funds will be raised through the issue of the *bonus options*, however if all the *bonus options* are exercised (at an exercise price of \$0.003), the *company* will receive approximately \$12.5 million.

5.2. Effect of the offer

The principal effect of the *offer*, assuming no *options* are exercised and converted into *shares* between the date of this *prospectus* and the *record date*, will be to increase the number of *options* on issue from 1,252,134,396 *options* as at the date of this *prospectus* to 5,435,876,473 *options* immediately after completion of the *offer*.

5.3. Effect on capital structure

- 5.3.1. As at the date of this *prospectus*, the *company* has on issue:

- (a) 17,034,968,306 *shares*; and
- (b) 1,252,134,396 *options* exercisable at various exercise prices and expiring on various exercise dates;

- 5.3.2. The effect of the *offer* on the capital structure of the *company*, assuming no *options* are exercised between the date of this *prospectus* and the *record date*, is set out below.

	<i>ordinary shares</i>	<i>options</i>
<i>currently on issue</i>	17,034,968,306	1,252,134,396
<i>offer</i>	-	4,258,742,077
<i>total after offer</i>	17,034,968,306	5,510,876,473

5.4. Effect on shareholdings

The issue of *bonus options* under the *offer* will not have the effect of diluting the percentage shareholdings of *shareholders* unless and until holders of *bonus options* exercise those *options*. Any dilution of *shareholders* on exercise of *bonus options* will be dependent on the extent to which those *shareholders* exercise their *bonus options*.

5.5. Effect on control

- 5.5.1. The issue of *bonus options* will have no impact on any *shareholder's* voting power.
- 5.5.2. The *company* does not believe that any *shareholder*, on exercising *bonus options*, will materially increase their percentage shareholding in the *company* to the extent that the *shareholder's* voting power in the *company* would increase from 20% or below to more than 20%.

6. RISK FACTORS

6.1. Introduction

- 6.1.1. Any *shares* issued on exercise of *bonus options* offered under this *prospectus* are considered highly speculative. An investment in the *company* is not risk free and the *directors* strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this *prospectus* and to consult their professional advisors before deciding whether to apply for *new shares* pursuant to this *prospectus*.
- 6.1.2. There are specific risks which relate directly to the *company's* business. In addition, there are other general risks, many of which are largely beyond the control of the *company* and the *directors*. The risks identified in this *Section*, or other risk factors, may have a material impact on the financial performance of the *company* and the market price of *shares*.
- 6.1.3. The following is not intended to be an exhaustive list of the risk factors to which the *company* is exposed.

6.2. Risks specific to the company

6.2.1. *Limited operating history*

The *company* is an early-stage exploration company, does not have a significant operating history and there is no assurance that future operations will result in revenues or profits. If sufficient revenues to operate profitably cannot be generated, operations may be suspended or cease.

The *company* will be subject to all of the business risks and uncertainties associated with any new business enterprise. There can be no assurance that demand for the *company's* products will be as anticipated, or that the business will become profitable. Consequently, there can be no forecast or confirmation as to the *company's* future performance following completion of the *offer*.

6.2.2. *Exploration and development risks*

Mineral exploration and development is a speculative and high-risk undertaking that may be impeded by circumstances and factors beyond the control of the *company*. Success in this process involves, among other things:

- (a) discovery and proving-up, or acquiring, economically recoverable resources or reserves;

- (b) access to adequate capital throughout the exploration, discovery and project development phases;
- (c) securing and maintaining title to mineral exploration projects;
- (d) obtaining required development consents and approvals necessary for the acquisition, mineral exploration, development and production phases; and
- (e) accessing the necessary experienced operational staff, the applicable financial management and recruiting skilled contractors, consultants and employees.

As the *company* is an early-stage exploration company, there can be no assurance that exploration on its projects, or any other exploration properties that may be acquired in the future, will result in the discovery of an economic mineral resource. Even if an apparently viable mineral resource is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the *company* may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, changing government regulations and many other factors beyond the control of the *company*.

6.2.3. *Tenement grant and maintenance risks*

The *company's* mining exploration activities are dependent upon the grant, or as the case may be, the maintenance of appropriate licences, concessions, leases, permits and regulatory consents which may be withdrawn or made subject to limitations. The maintaining of tenements, obtaining renewals, or getting tenements granted, often depends on the *company* being successful in obtaining the required statutory approvals for its proposed activities and that the licences, concessions, leases, permits or consents it holds will be renewed as and when required. There is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed in connection therewith.

6.2.4. *Agents & contractors*

The *company* outsources substantial parts of its exploration activities pursuant to services contracts with third-party contractors. The *directors* are unable to predict the risk of financial failure or default or the insolvency of any of the contractors that will be used by the *company* in any of its activities or other managerial failure by any of the other service providers used by the *company* for any activity. Contractors may also underperform their obligations of their contract, and in the event that their contract is terminated, the *company* may not be able to find a suitable replacement on satisfactory terms.

6.2.5. *Operational risks*

The operations of the *company* may be affected by various factors, including:

- (a) failure to locate or identify mineral deposits;
- (b) failure to achieve predicted grades in exploration and mining;
- (c) operational and technical difficulties encountered in mining;
- (d) insufficient or unreliable infrastructure, such as power, water and transport;
- (e) difficulties in commissioning and operating plant and equipment;
- (f) mechanical failure or plant breakdown;
- (g) unanticipated metallurgical problems which may affect extraction costs; and
- (h) adverse weather conditions.

In the event that any of these potential risks eventuate, the *company's* operational and financial performance may be adversely affected.

6.2.6. *Conditions to tenements*

Interests in mining tenements in Western Australia are governed by legislation and are evidenced by the granting of leases and licences by the State. The *company* is subject to the *Mining Act 1978* (WA) and the *company* has an obligation to meet conditions that apply to the *tenements*, including the payment of rent and prescribed annual expenditure commitments.

The *tenements* held by the *company* are subject to annual review and periodic renewal. While it is the *company's* intention to satisfy the conditions that apply to the *tenements*, there can be no guarantees made that, in the future, the *tenements* that are subject to renewal will be renewed or that minimum expenditure and other conditions that apply to the *tenements* will be satisfied. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements comprising the *projects*. These events could have a materially adverse effect on the *company's* prospects and the value of its assets.

If a tenement holder fails to comply with the terms and conditions of a tenement, the Warden or Minister (as applicable) may impose a fine or order that the tenement be forfeited. In most cases an order for forfeiture can only be made where the breach is of sufficient gravity to justify forfeiture of the tenement. In certain cases, a third party can institute administrative proceedings under the *Mining Act* before the Warden seeks forfeiture of the tenement.

6.2.7. *Crown land*

The land subject to the *tenements* may overlap with Crown land, including pastoral leases. Upon commencing mining operations on any of the *tenements*, the *company* may need to consider entering into a compensation and access agreement with the lease holders to ensure the requirements of the *Mining Act 1978* (WA) are satisfied and to avoid any disputes arising. In the absence of agreement, the Warden's Court

determines compensation payable. The entry into these agreements may delay the undertaking of activities, including the development of any future mines, and may mean that the *company* cannot explore all areas that it may prefer to explore for mineral development.

6.2.8. *Grant of future authorisations to explore and mine*

If the *company* discovers an economically viable mineral deposit that it then intends to develop, it will, among other things, require various approvals, licences and permits before it will be able to mine the deposit. There is no guarantee that the *company* will be able to obtain all required approvals, licences and permits. To the extent that required authorisations are not obtained or are delayed, the *company's* operational and financial performance may be materially adversely affected.

6.2.9. *Native title and heritage matters*

In relation to tenements which the *company* has an interest in or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the *company* to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected.

The *directors* will closely monitor the potential effect of native title claims involving tenements in which the *company* has or may have an interest.

6.2.10. *Requirement for additional capital*

Additional funding may be required in the event costs exceed the *company's* estimates and to effectively implement its business and operational plans in the future to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the *company* may incur. If such events occur, additional funding will be required.

The *company* may seek to raise further funds through equity or debt financing, joint ventures, licensing arrangements, or other means. Failure to obtain sufficient financing for the *company's* activities and future projects may result in delay and indefinite postponement of these activities and potential development programmes. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing may not be favourable to the *company* and might involve substantial dilution to *shareholders*.

6.2.11. *Retention of key personnel*

There is a risk that, where there is a turnover of development staff who have knowledge of the mineral tenements and the business, knowledge will be lost in the event that those staff resign or retire. This involves the risk that those staff will have information in respect of the *company's* activities which has a commercial value to the

company as well as an opportunity cost for replacement of those staff and subsequent training.

6.3. Industry-specific risks

6.3.1. *Contamination risks*

The mineral exploration sector operates under Australian state and federal environmental laws. The *company's* operations may use hazardous materials and produce hazardous waste which may have an adverse impact on the environment or cause exposure to hazardous materials. Despite efforts to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws, the *company* may be subject to claims for toxic torts, natural resources damages and other damages. In addition, the *company* may be subject to the investigation and clean-up of contaminated soil, surface water and groundwater. This may delay the timetable of the *company's* projects and may subject the *company* to substantial penalties including fines, damages, clean-up costs or other penalties. The *company* is also subject to environmental protection legislation, which may affect the *company's* access to certain areas of its properties and could result in unforeseen expenses and areas of moratorium.

6.3.2. *Metallurgy risk*

When compared with many industrial and commercial operations, mining exploration projects are high risk. Each ore body is unique and the nature of the mineralisation, the occurrence and grade of the ore, as well as its behaviour during mining can never be wholly predicted. Estimations of a mineral deposit are not precise calculations although are based on interpretation and on samples from drilling which represent a very small sample of the entire ore body. Reconciliation of past production and reserves, where available, can confirm the reasonableness of past estimates, but cannot categorically confirm accuracy of future projections.

The applications of metallurgical test work results and conclusions to the process design, recoveries and throughput depend on the accuracy of the test work and assumption that the sample tests are representative of the ore body as a whole. There is a risk associated with the scale-up of laboratory and pilot plant results to a commercial scale and with the subsequent design and construction of any plant.

6.3.3. *Resource and reserve estimates*

Resource and reserve estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when initially calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource and reserve estimates are imprecise and depend to some extent on interpretation which may prove to be inaccurate.

6.3.4. *Land access*

There is a substantial level of regulation and restriction on the ability of exploration and mining companies to have access to land in Australia. Negotiations with both Native Title and landowners/occupiers are generally required before the *company* can access land for exploration or mining activities. Inability to access, or delays experienced in accessing, the land may impact on the *company's* activities.

6.3.5. *Environmental risks*

The operations and proposed activities of the *company* are subject to state and federal environmental laws and regulations. As with most exploration projects and mining operations, the *company's* activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. The *company* will attempt to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

6.3.6. *Environmental impact constraints*

The *company's* exploration programs will, in general, be subject to approval by governmental authorities. Development of any of the *company's* properties will be dependent on the relevant project meeting environmental guidelines and, where required, being approved by governmental authorities.

6.3.7. *Climate change regulation*

Mining of mineral resources is relatively energy intensive and is dependent on the consumption of fossil fuels. Increased regulation and government policy designed to mitigate climate change may adversely affect the *company's* cost of operations and adversely impact the financial performance of the *company*.

6.3.8. *Insurance risks*

Insurance coverage of all risks associated with minerals exploration, development and production is not always available and, where available, the cost can be high. The *company* will have insurance in place considered appropriate for the *company's* needs. The *company* will not be insured against all possible losses, either because of the unavailability of cover or because the directors believe the premiums are excessive relative to the benefits that would accrue. The directors believe the insurance they have in place is appropriate. The directors will continue to review the insurance cover in place to ensure that it is adequate.

6.3.9. *Safety*

Safety is a fundamental risk for any exploration and production company in relation to personal injury, damage to property and equipment and other losses. The occurrence of any of these risks could result in legal proceedings against the *company* and/or key personnel and substantial losses to the *company* due to injury or loss of life, damage or destruction of property, regulatory investigation, and penalties or

suspension of operations. Damage occurring to third parties because of such risks may give rise to claims against the *company*.

6.4. General risks

6.4.1. *Market conditions*

Share market conditions may affect the value of the *company's* quoted *securities* regardless of the *company's* operating performance. Share market conditions are affected by many factors such as:

- (c) general economic outlook;
- (a) introduction of tax reform or other new legislation;
- (b) interest rates and inflation rates;
- (c) changes in investor sentiment toward particular market sectors;
- (d) the demand for, and supply of, capital; and
- (e) terrorism or other hostilities.

The market price of *securities* can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and technology stocks in particular. Neither the *company* nor the *directors* warrant the future performance of the *company* or any return on an investment in the *company*.

6.4.2. *Commodity and exchange rate fluctuation risk*

To the extent the *company* may become involved in mineral production, the revenue derived through the sale of commodities may expose the potential income of the *company* to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the *company*. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

6.4.3. *Economic and government risk*

The future viability of the *company* is also dependent on a number of other factors affecting performance of all industries and not just the technology industry including, but not limited to, the following:

- (d) general economic conditions in jurisdictions in which the *company* operates;
- (a) changes in government policies, taxation and other laws in jurisdictions in which the *company* operates;
- (b) the strength of the equity markets in Australia and throughout the world, and in particular investor sentiment towards the technology sector;

- (c) movement in, or outlook on, interest rates and inflation rates in jurisdictions in which the *company* operates; and
- (d) natural disasters, social upheaval or war in jurisdictions in which the *company* operates.

6.4.4. COVID-19

The outbreak of the COVID-19 pandemic is having a material effect on global economic markets. The global economic outlook is facing uncertainty due to the pandemic, which has had, and may continue to have, a significant impact on capital markets and share prices. The *company's* share price may be adversely affected by the economic uncertainty caused by COVID-19.

Further, any governmental or industry measures taken in response to COVID-19 may adversely impact the *company's* operations and are likely to be beyond the control of the *company*. The *company's* ability to freely move people and equipment to and from exploration projects may be the subject of delays or cost increases. The effects of COVID-19 on the *company's* share price may also impede the *company's* ability to raise capital or require the *company* to issue capital at a discount, which may in turn cause dilution to *shareholders*.

6.5. Speculative investment

- 6.5.1. The above list of risk factors ought not to be taken as exhaustive of the risks faced by the *company* or by investors in the *company*. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the *company* and the value of the *shares* offered under this *prospectus*.
- 6.5.2. Therefore, the *new shares* to be issued pursuant to this *prospectus* carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those *new shares*. Potential investors should consider that the investment in the *company* is highly speculative and should consult their professional advisors before deciding whether to apply for *new shares* pursuant to this *prospectus*.

7. ADDITIONAL INFORMATION

7.1. Bonus option terms and conditions

The following are the terms and conditions of the *bonus options*:

- (a) (**entitlement**) each *bonus option* will entitle the holder to subscribe for one *share*. All *shares* issued upon the exercise of *bonus options* will rank equally in all respects with the *company's* existing *shares*;
- (b) (**exercise price**) each *bonus option* shall entitle the holder to acquire one *share* upon payment of the sum of \$0.003 per *bonus option* (**exercise price**) to the *company*;
- (c) (**exercise of options**) the *bonus options* will expire at 5.00pm WST on the date which is 3 years after their issue (**expiry date**). The *bonus options* may be exercised, in whole or in part, at any time prior to the *expiry date*, by completing and delivering a duly completed form of notice of exercise to the registered office of the *company* together with the payment of the *exercise price* in immediately available funds for the number of *shares* in respect of which the *bonus options* are exercised. A *bonus option* not exercised on or before the *expiry date* will lapse. *Shares* issued pursuant to the exercise of *director options* will be issued, and a holding statement or share certificate provided to the holders of *director options* in respect of those *shares*, on the above terms and conditions not more than 15 *business days* after the receipt of a duly completed form of notice of exercise and the *exercise price*;
- (d) (**quotation of bonus options**) application will be made to *ASX* for *quotation* of the *bonus options*;
- (e) (**quotation of shares**) provided the *company* is listed on *ASX* at the time, application will be made for *quotation* of *shares* issued on exercise of *bonus options* not later than 15 *business days* after the date of issue. If required, the *company* will give *ASX* a notice that complies with section 708A(5)(e) of the *Corporations Act*, or, if such a notice delivered is for any reason not effective to ensure that an offer for sale of the *shares* does not require disclosure to investors, the *company* must, no later than 20 *business days* after becoming aware of such notice being ineffective, lodge with *ASIC* a prospectus prepared in accordance with the *Corporations Act* and do all such things necessary to satisfy section 708A(11) of the *Corporations Act* to ensure that an offer for sale of the *shares* does not require disclosure to investors;
- (f) (**transfer**) The *bonus options* are transferable subject to any restrictions imposed by *ASX* or under applicable Australian securities laws;

- (g) **(participation and entitlements)** there are no participating rights or entitlements inherent in the *bonus options* and holders will not be entitled to participate in new issues of *securities* offered to shareholders during the currency of the *bonus options*. However, the *company* must give notice to the holders of *bonus options* of any new issue before the record date for determining entitlements to the issue in accordance with the *listing rules* so as to give holders the opportunity to exercise their *bonus options* before the date for determining entitlements to participate in any issue;
- (h) **(reorganisation of share capital)** in the event of a reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the *company*, all rights of holders of *bonus options* shall be changed to the extent necessary to comply with the *Corporations Act* and the *listing rules* applying to a reorganisation of capital at the time of the reorganisation; and
- (i) **(bonus issue)** if, from time to time, before the expiry of the *bonus options* the *company* makes a pro-rata issue of *shares* to shareholders for no consideration, the number of *shares* over which a *bonus option* is exercisable will be increased by the number of *shares* which the holder would have received if the *bonus options* had been exercised before the date for calculating entitlements to the pro-rata issue.

7.2. Rights attaching to shares

7.2.1. The following is a summary of the more significant rights and liabilities attaching to *shares*, being the underlying *securities* to the *bonus options* offered pursuant to this *prospectus*. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of *shareholders*. To obtain such a statement, persons should seek independent legal advice. Full details of the rights and liabilities attaching to *shares* are set out in the *constitution*, a copy of which is available for inspection at the *company's* registered office during normal business hours.

7.2.2. General meetings

- (a) *Shareholders* are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the *company*.
- (b) *Shareholders* may requisition meetings in accordance with section 249D of the *Corporations Act* and the *constitution*.

7.2.3. Voting rights

- (a) Subject to the *constitution* and to any rights and restrictions attaching to any class of shares, at meetings of *shareholders* or other classes of *shareholder*, each *shareholder* entitled to attend and vote may attend and vote in person or by proxy or by attorney and, where the *shareholder* is a body corporate, by representative.

- (b) On a show of hands every *shareholder* present having the right to vote at the meeting has one vote. On a poll, every *shareholder* present has one vote for each fully paid *share* and, the case of partly paid *shares* or *share* held by the *shareholder*, a fraction of a vote equivalent to the proportion which the amount paid (but not credited) is of the total amounts paid and payable (excluding amounts credited) on the *share* or *shares* held.

7.2.4. Dividend rights

Subject to the *Corporations Act* and to any special rights or restrictions attached to any *shares*, *directors* may from time to time authorise the *company* to pay interim and final dividends which appear to the *directors* to be justified by the profits of the *company*.

7.2.5. Winding-up

If the *company* is wound up, the liquidator may, with the authority of a special resolution, divide among the *shareholders* in kind the whole or any part of the property of the *company*, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the *shareholders* or different classes of *shareholders*.

7.2.6. Transfer of shares

Generally, *shares* are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the *Corporations Act* and the *listing rules*.

7.2.7. Future increase in capital

The issue of any *shares* is under the control of the *directors*. Subject to restrictions on the issue or grant of *securities* contained in the *listing rules*, the *constitution* and the *Corporations Act* (and without affecting any special right previously conferred on the holder of an existing *share* or class of *shares*), the *directors* may issue *shares* as they shall, in their absolute discretion, determine.

7.2.8. Variation of rights

- (a) Under section 246B of the *Corporations Act*, the *company* may, with the sanction of a special resolution passed at a meeting of *shareholders*, vary or abrogate the rights attaching to *shares*.
- (b) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the *company* is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

7.3. Continuous disclosure obligations

- 7.3.1. The *company* is a “disclosing entity” (as defined in section 111AC of the *Corporations Act*) for the purposes of section 713 of the *Corporations Act* and, as such, is subject to regular reporting and disclosure obligations. Specifically, as a listed company, the *company* is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the *company’s securities*.
- 7.3.2. This *prospectus* is a “transaction specific prospectus” to which the special content rules under section 713 of the *Corporations Act* apply. That provision allows the issue of a more concise prospectus in relation to an offer of *securities* in a class which has been continuously quoted by *ASX* in the three months prior to the date of the prospectus. In general terms, “transaction specific prospectuses” are only required to contain information in relation to the effect of the issue of *securities* on the entity and the rights attaching to those *securities*. It is not necessary to include general information in relation to all of the assets and liabilities, the financial position, profits and losses or prospects of the issuing company.
- 7.3.3. This *prospectus* is intended to be read in conjunction with the publicly available information in relation to the *company* which has been notified to *ASX* and does not include all of the information that would be included in a prospectus for an initial public offer of *securities* in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the *company* before deciding whether or not to invest.
- 7.3.4. The *company* believes that it has complied with the general and specific requirements of *ASX* as applicable from time to time throughout the 3 months before the issue of this *prospectus* which required the *company* to notify *ASX* of information about specified events or matters as they arise for the purpose of *ASX* making that information available to the stock market conducted by *ASX*.
- 7.3.5. Information that is already in the public domain has not been reported in this *prospectus* other than that which is considered necessary to make this *prospectus* complete.
- 7.3.6. The *company*, as a disclosing entity under the *Corporations Act*, states that:
- (a) it is subject to regular reporting and disclosure obligations;
 - (b) copies of documents lodged with *ASIC* in relation to the *company* (not being documents referred to in section 1274(2)(a) of the *Corporations Act*) may be obtained from, or inspected at, the offices of *ASIC*; and
 - (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this *prospectus* and the *record date*:

- (i) the annual financial report of the *company* for the financial year ended 30 June 2020 being the most recent annual financial report of the *company* lodged with *ASIC* before the issue of this *prospectus*; and
- (ii) any documents used to notify *ASX* of information relating to the *company* in the period from lodgement of the annual financial report referred to in paragraph (i) above until the issue of this *prospectus* in accordance with the *listing rules* as referred to in section 674(1) of the *Corporations Act*.

Copies of all documents lodged with *ASIC* in relation to the *company* can be inspected at the registered office of the *company* during normal office hours.

The *company* has lodged the following announcements with *ASX* since the lodgement of its 2020 annual report on 17 September 2020:

Date	Description of ASX announcement
18 January 2018	Appendix 2A and Cleansing Statement
18 January 2018	Proposed Issue of Securities – CLZ
31 December 2020	Expiry of Performance Rights
30 December 2020	Appendix 2A and Cleansing Statement
30 December 2020	Proposed Issue of Securities – CLZ
30 December 2020	Results of Meeting
8 December 2020	September 2020 Quarterly Activities Report – Amended
26 November 2020	Notice of General Meeting / Proxy Form
26 November 2020	Update on Mining Lease Application – Objection Withdrawn
20 November 2020	Appendix 2A and Cleansing Statement
20 November 2020	Proposed Issue of Securities – CLZ
20 November 2020	Classic Placement Completed - Oversubscribed
20 November 2020	Loyalty Options for Classic Shareholders
18 November 2020	Trading Halt
18 November 2020	Pause in Trading
16 November 2020	Results of Meeting
2 November 2020	Quarterly Activities and Cashflow Report

27 October 2020	Investor Presentation
20 October 2020	Infill Drilling Delivers High Grade Au Intercepts at Kat Gap
19 October 2020	Corporate Governance Statement
19 October 2020	Notice of Annual General Meeting / Proxy Form
6 October 2020	Appendix 2A and Cleansing Statement
6 October 2020	Proposed Issue of Securities – CLZ
5 October 2020	Results of Meeting
29 September 2020	Update on Gekko Plant
17 September 2020	Appendix 4G

7.4. No determination by ASIC

ASIC has not made a determination which would prevent the *company* from relying on section 713 of the *Corporations Act* in issuing the *bonus options* under this *prospectus*.

7.5. ASIC instrument

The *offer* is made in accordance with ASIC Corporations (Application Form Requirements) Instrument 2017/241 which exempts the *company* from complying with section 723(1) of the *Corporations Act* to the extent that that section would only permit an issue of *bonus options* in response to an application form included in or accompanied by a disclosure document.

7.6. Directors' interests

Other than as set out in this *prospectus*, no *director* or proposed *director* holds, or has held within the 2 years preceding lodgement of this *prospectus* with ASIC, any interest in:

- (a) the formation or promotion of the *company*;
- (b) any property acquired or proposed to be acquired by the *company* in connection with:
 - (i) its formation or promotion; or
 - (ii) the *offer*; or
- (c) the *offer*,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a *director* or proposed *director*:

- (d) as an inducement to become, or to qualify as, a *director*; or
- (e) for services provided in connection with:
 - (i) the formation or promotion of the *company*; or
 - (ii) the *offer*.

7.7. Directors' security holdings

7.7.1. As at the date of the *prospectus*, the *directors* hold the following interests in *securities* of the *company*:

	John Lester	Frederick Salkanovic	Lu Ning Yi	Stephen O'Grady
<i>shares held</i>	54,750,000	56,875,000	71,293,415	-
<i>options held</i>	-	-	-	-
<i>bonus options entitlement</i>	13,687,500	14,218,750	17,823,353	-

7.8. Remuneration of directors

- 7.8.1. The *constitution* provides that the non-executive *directors* may be paid, in aggregate for their services as *directors*, a sum not exceeding such fixed sum per annum as may be determined by the *company* in general meeting. The determination of non-executive *directors'* remuneration within that maximum will be made by the *board* having regard to the inputs and value to the *company* of the respective contributions by each non-executive *director*. The current aggregate sum has been set at an amount not to exceed \$350,000 per annum.
- 7.8.2. The remuneration of executive *directors* is decided by the *board*, without the affected executive *director* participating in that decision-making process and may be paid by way of fixed salary or commission.
- 7.8.3. *Directors* may also be reimbursed for all reasonable expenses incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the *company* and other miscellaneous expenses.
- 7.8.4. The non-executive *directors* have each executed an agreement with the *company* entitling them to remuneration in their capacities as *directors*.

- 7.8.5. The remuneration (including superannuation) of the *directors* for the year ended 30 June 2021 will be as follows:

	John Lester	Frederick Salkanovic	Lu Ning Yi	Stephen O'Grady
<i>remuneration</i>	60,000	40,000	40,000	40,000

7.9. Interests of experts and advisors

- 7.9.1. Other than as set out below or elsewhere in this *prospectus*, no promoter of the *company* or person named in this *prospectus* as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this *prospectus* has, or had within the 2 years preceding lodgement of this *prospectus* with ASIC, any interest in:

- (a) the formation or promotion of the *company*;
- (b) any property acquired or proposed to be acquired by the *company* in connection with its formation or promotion or in connection with the *offer*,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with the formation or promotion of the *company* or the *offer*.

- 7.9.2. Blackwall Legal LLP has acted as the *company's* solicitors in relation to the *offer*. The *company* estimates it will pay Blackwall Legal LLP approximately \$5,000 (excluding GST and disbursements) for these services. Blackwall Legal LLP has been paid approx. \$57,000 (excluding GST and disbursements) for other professional services provided to the *company* during the 2 years prior to the lodgement of this *prospectus* with ASIC.

7.10. Consents

- 7.10.1. Chapter 6D of the Corporations act imposes a liability regime on the *company* (as the offeror of the *securities*), the *directors*, the persons named in the prospectus with their consent as incoming directors, any underwriters, persons named in the *prospectus* with their consent having made a statement in the *prospectus* and persons involved in a contravention in relation to the *prospectus*. Although the *company* bears primary responsibility for the *prospectus*, the other parties involved in the preparation of the *prospectus* can also be responsible for certain statements in it.

- 7.10.2. Other than as set out below, each of the parties referred to in this *section*:

- (a) has not authorised or caused the issue of this *prospectus*;

- (b) does not make, or purport to make, any statement in this *prospectus* other than those referred to in *Section 7.3*;
- (c) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this *prospectus* other than a reference to its name and a statement included in this *prospectus* in *Section 7.3* with the consent of that party; and
- (d) was not involved in the preparation of this prospectus or any part of it except where expressly attributed to that person.

7.10.3. Blackwall Legal LLP has given its written consent to being named as the solicitors to the *company* in this *prospectus*. Blackwall Legal LLP has not withdrawn its consent prior to the lodgement of this *prospectus* with ASIC.

7.11. Litigation

As far as the directors are aware, there are no current or threatened civil litigation, arbitration proceeding or administrative actions, or criminal prosecutions in which the *company* is directly or indirectly concerned which are likely to have a material adverse effect on the business or financial position of the *company*.

7.12. Expenses of the offers

In the event that the *offer* is fully subscribed, the total expenses of the *offer* are estimated to be approximately \$60,000 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
<i>ASIC fees</i>	3,206
<i>ASX listing fees</i>	13,200
<i>legal fees</i>	5,000
<i>miscellaneous</i>	3,594
<i>total</i>	25,000

8. DIRECTORS' AUTHORISATION

This *prospectus* is issued by the *company* and its issue has been authorised by a resolution of the *directors*. In accordance with section 720 of the *Corporations Act*, each *director* has consented to the lodgement of this *prospectus* with ASIC.

John Lester
Director

for and on behalf of
Classic Minerals Limited

9. GLOSSARY

In this *prospectus*, unless the context otherwise requires, the following terms have the following meanings:

ASIC	the Australian Securities and Investments Commission.
ASX	ASX Limited ACN 008 624 691, or where the context requires, the Australian Securities Exchange which it runs.
board	the board of <i>directors</i> .
bonus option	an <i>option</i> offered under this <i>prospectus</i> .
business day	a day (other than a Saturday or a Sunday) on which banks in Perth, Western Australia are open for business.
CHESS	ASX's Clearing House Electronic Subregistry System.
company, Classic or CLZ	Classic Minerals Limited ACN 119 484 016, a public company incorporated and existing in Australia and listed on ASX (ASX: CLZ).
company secretary	the secretary of the <i>company</i> , Mr Madhu Bhalla.
constitution	the constitution of the <i>company</i> from time to time.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
director	a director of the <i>company</i> .
dollar, \$, A\$ or AUD	the lawful currency for the time being of the Commonwealth of Australia.
eligible shareholder	has the meaning given to that term in <i>Section 4.3.1</i> .
glossary	this glossary of terms.
issuer sponsored	<i>securities</i> issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in <i>CHESS</i> .
listing rules	the official listing rules of ASX from time to time.
offer	the offer to <i>eligible shareholders</i> under this <i>prospectus</i> , as set out in <i>Section 4.1</i> .

<i>option</i>	an option to acquire a <i>share</i> .
<i>prospectus</i>	this prospectus dated 19 January 2021.
<i>quotation</i>	has the meaning given to that term in the <i>listing rules</i> .
<i>record date</i>	5.00pm <i>WST</i> on the date specified in the <i>timetable</i> on page 4 of this <i>prospectus</i> .
<i>Section</i>	a section of this <i>prospectus</i> .
<i>securities</i>	has the meaning given to that term in section 92 of the <i>Corporations Act</i> .
<i>settlement operating rules</i>	the settlement rules of the securities clearing house which operates <i>CHESS</i> .
<i>share</i>	a fully paid ordinary share in the capital of the <i>company</i> .
<i>share registry</i>	the <i>company's</i> share registry, being Security Transfer Registrars.
<i>shareholder</i>	a holder of <i>shares</i> .
<i>timetable</i>	the timetable of key events and dates set out on page 4 of this <i>prospectus</i> .
<i>WST</i>	Western Standard Time, being the time in Perth, Western Australia.