CLASSIC MINERALS LIMITED

ACN: 119 484 016

ANNUAL REPORT
FOR THE YEAR ENDED
30 JUNE 2019

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CORPORATE DIRECTORY

DIRECTORS

John Lester
Frederick Salkanovic
Lu Ning Yi

COMPANY SECRETARY

Madhukar Bhalla

A.B.N.

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PRINCIPAL OFFICE

71 Furniss Road
Landsdale, WA, 6065

REGISTERED OFFICE

71 Furniss Road,
Landsdale, WA, 6065

AUDITORS

Bentleys Audit & Corporate (WA) Pty Ltd
Level 3, 216 St George's Terrace,
PERTH WA 6000

DIRECTORS' REPORT

The directors of Classic Minerals Limited submit herewith the financial report for the financial year ended 30 June 2019.

Directors
The names of directors in office at any time during or since the end of the financial year are:

John Lester
Frederick Salkanvoic
Lu Ning Yi

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary
The name of secretary in office at any time during or since the end of the financial year is:

Madhukar Bhalla (Jeffrey Nurse resigned 19 October 2018)

Mr Madhukar Bhalla is a qualified Company Secretary and a Fellow of Governance Institute of Australia as well as a Fellow of the Institute of Chartered Secretary and Administrators.

Current Directors' qualifications and experience

John Lester (Non-executive Chairman)
Age: 77 years old

Qualifications and Experience	Mr Lester has a degree in Physiology from Oxford University and was a member of the Institute of Investment Analysts in London. He started his career as a stockbroker with Joseph Sebag and Co in London specializing in mining companies including six months with Consolidated Goldfields. He joined Jardine Fleming and Company then Hong Kong's largest investment bank as chief dealer and became a Director of that Company. He was Head of Corporate Finance at Pembroke Securities in Sydney and later moved to Indonesia where he founded a paging company and several satellite and internet companies as well as arranging the underwriting of Jakarta's first publicly listed mining company. He joined the Board of Golden West Resources Limited and became Managing Director where he was responsible for the company raising more than $60million from Asian investors. He was Chairman of Yilgarn Infrastructure Ltd which was a major tenderer for building the Port of Oakajee having a fully funded bid with partners including China Rail, China Ports, Sinosteel Ansteel Bank of China and China Exim Bank. He was a founding Director and Chairman of publicly listed Coal Limited.
Shareholdings	54,750,000 ordinary shares

DIRECTORS' REPORT

Frederick Salkanovic (Non-Executive Director)
Age: 74 years old

Qualifications and Experience	Mr Salkanovic has a history of mining in Western Australia and throughout Australia for the past 45 years. He has operated successful precious metals and gemstone mining operations and brings further hands-on experience to the Company as it ramps up its exploration and mining development activities at the Forrestania Gold project. Mr Salkanovic has a strong knowledge of the mining and resources sector in Australia, he is a strong supporter of the company with key competencies in exploration, materials processing, marketing and financial management in relation to junior mining companies.
Shareholdings	56,875,000 ordinary shares

Liu Ning Yi (Non-Executive Director)

Age: 65 years old

Qualifications and Experience	Mr Lu Ning Yi had a long career as an experienced and respected financial journalist with China's Jiangsu Economic newspaper. His position placed him in direct contact with many of China's top business executives. Since coming to Australia, Mr Lu has maintained and expanded his extensive Chinese and Australian business relationships. Mr Lu is a director of Chi Masters International Pty Ltd and is also a Non-Executive director of the Heritage Golf and Country Club in Victoria.
Shareholdings	71,293,415 ordinary shares

Meetings of directors
During this financial year, the Directors met regularly to discuss the affairs of the Company.

The Company agreed that in order to reduce costs of directors travelling to Perth to attend board meetings that most of the decisions would be discussed and reduced to Circular Resolutions.

The number of Director's meetings (including committees and circular resolution meetings) held during the financial period and the number of meetings attended by each director were as follows:

	Board of Directors	
Director	Meetings. Attended	Number Eligible to Attend
John Lester	23	23
Lu Ning Yi	23	23
Frederick Salkanovic	23	23

During the year ended 30 June 2019 there were 23 Circular Resolutions that were passed unanimously by all Directors.

Principal activities
The principal activity of Classic Minerals Limited during the financial year was the exploration of mineral resource based projects, focussing on gold and nickel.

Operating results
The loss of the Company for the year ended 30 June 2019 amounted to $5,433,896 (2018: loss of $3,750,562).

Dividends
No dividends were paid or declared for payment since the incorporation of the Company.

DIRECTORS' REPORT

Review of operations

A comprehensive description of the Company's exploration and research and development activities appears below.

In the 2018/19 reporting year
- Exploration has continued at the Forrestania Gold Project,
- The purchase of the Kat Gap Gold Project has been finalised, and
- The Fraser Range Nickel Project has been successfully joint ventured to a third party.

In the period, a total of 5,603m of RC drilling was completed in the Company's projects;
- Lady Magdalene 5 holes for 454m;
- Lady Lila 5 holes for 366m, and
- Kat Gap 73 holes for 4783m.

Forrestania Gold Project

1. Lady Magdalene

Drilling at Lady Magdalene this period has confirmed the interpretation of high-grade Lady Ada-style quartz vein arrays in the resource that previously have gone unrecognised. These cross-cutting gold-bearing lodes were historically missed due to the wide-spaced nature of drilling, even though the Lady Ada Pit is located only 600m further to the south.

Typically, the Lady Magdalene style mineralisation is a lower-grade gold alteration assemblage devoid of quartz veining. Only when drilled to the north were east-west striking Lady Ada veins recognisable.

Five holes were completed in the reporting year for 454m. The best result was recorded in MARC067 returning **1m @ 23.70 g/t Au from 46m.** Over 70m of strike, this links with intersections of other drilled holes, MARC059 returning **1m @ 9.36 g/t Au from 44m** and MARC058 returning **1m @ 13.40 g/t Au from 46m.** These high-grade east-west striking quartz veins may appear narrow but have the potential to thicken rapidly over short strike lengths, similar to what was seen in the Lady Ada extension drilling conducted last year.

When fully understood and properly explored, the overprint of Lady Ada's high grade, low angle reverse thrust faults has the potential to lift the overall grade of the resource

Further north orientated drilling is planned in the east where it is thought thicker zones of mineralisation may exist.

2. Lady Lila

Lady Lila is situated 4km east of Lady Ada and is hosted by a chert/banded iron formation within the younger metasedimentary zone.

Historically, drilling at Lady Lila was completed on 100m - 200m spaced drill lines. Completed drilling has confirmed mineralisation extends both north and south along strike for up to 100m. Importantly, mineralisation remains open at depth and additional follow-up drilling to test the orientation and down dip extension of the mineralisation will be undertaken to grow this deposit.

Five holes for 366m were drilled at Lady Lila with all holes intersecting gold mineralisation. Drill highlights include:
- **6m at 9.57 g/t Au from 26m in FLLRC006**
- **5m at 3.07 g/t Au from 65m in FLLRC007**
- **12m at 1.50 g/t Au from 52m in FLLRC009**
- **14m at 2.15 g/t Au from 74m in FLLRC010**

DIRECTORS' REPORT

Kat Gap Gold Project

Kat Gap is a very exciting, high-grade gold project strategically located approximately 70km SSE of the Company's Forrestania Gold Project, containing the Lady Magdalene and Lady Ada gold resources.

Historical drilling in 1990's following anomalous soils confirmed gold anomalism in quartz veining near the granite – greenstone contact. Subsequent historical shallow RAB drilling (<40m) on 100-200m line spacings established the prospectivity of the entire contact position that is many kilometres in length. The project was recognised early by Classic to be significantly underexplored.

The initial work completed by Classic was very encouraging, regularly displayed visible gold in drill chips. Kat Gap was subsequently acquired from Sulphide Resources in early 2019 following an option to purchase.

Classic accelerated exploration post-acquisition to better understand the significance and nature of the mineralisation and has been rewarded with some stunning gold intersections.

Seventy-three percussion holes for 4783m were drilled at Kat Gap in the period. Some of the best intercepts are

- **10m at 30.1 g/t from 28m in FKGRC018**
- **9m at 8.08 g/t from 95m in FKGRC025**
- **10m at 4.18 g/t from 26m in FKGRC22**
- **10m at 8.17g/t from 7m in FKGRC059**
- **9m at 15.21 g/t from 22m in FKGRC061**
- **9m at 4.48 g/t from 42m in FKGRC075**
- **7m at 3.95 g/t from 54m in FKGRC079**

Work completed to date has not only extended high-grade gold intersections associated with the historically identified granite- greenstone contact, but also recognised significant mineralisation on both margins of a cross-cutting Proterozoic dyke.

Drilling in a close-spaced pattern, incrementally stepping away from known mineralised intervals, has been very successful in understanding the structural setting of the mineralisation and clearly shown that historical work was too shallow and too widely spaced. The plunge-line of the known mineralisation is wide open both down-dip and along strike, open in all directions.

Future drilling programs at Kat Gap will focus mainly on testing the main granite – greenstone contact further north and south along strike from the current drilling area and testing the large 5 km long geochemical anomaly identified in historical auger soil sampling. Only half of this >50ppb gold-in-soils anomaly has ever been tested with RC drilling.

There remains significant potential to discover additional mineralisation in the project.

Fraser Range Project

The Company has only recently finalised an Earn-in & Joint Venture Agreement with Independence Newsearch Pty Ltd, a 100%-owned subsidiary of Independence Group NL (ASX:IGO), allowing for free-carried exploration of the Fraser Range Project.

The terms of the agreement, as detailed in other sections of this report, include a A$300,000 cash payment that the Company will use to advance the emerging high-grade Kat Gap Gold project.

The team at Classic is very encouraged by the outstanding results achieved in the reporting year and excited to extend exploration success into 2019/20.

DIRECTORS' REPORT

Significant changes in state of affairs

There were no significant changes in the state of affairs of the Company during the year ended 30 June 2019.

After reporting date events

On 5th July 2019, the Company concluded the first part of the transaction on the Fraser Range Project with Independence Newsearch Pty Ltd and received the first payment of $300,000.

The Share Purchase Plan was closed on 15th July 2019, and the Company raised $709,500 out of the maximum permitted amount of $900,000.

The encouraging drilling results announced, post financial year end, prompted the Directors to look for strategic advice for the direction of the Company. This search ended on 19th September 2019, with the appointment of Mr Klaus Eckhof as Corporate & Technical Advisor. The agreed remuneration will be paid in Performance rights, subject to shareholder approval, at the Annual General Meeting.

There are no other matters or circumstances that have arisen since 30 June 2019 that have or may significantly affect the operations, results, or state of affairs of the Company in future financial years.

Future developments
The Company will continue to explore its exploration areas and look to establish its exploration interest in prospective fields.

Environmental regulation
The Company is aware of its environmental obligations and acts to ensure its environmental commitments are met. The directors are not aware of any significant breaches during the year.

Non-Audit Services
No non-audit services were provided in this financial year by the auditors.

Auditor's independence declaration
The auditor's independence declaration for the year ended 30 June 2019 has been received, forms part of the Director's Report, and can be found on page 12.

Indemnification of Officers
In accordance with the Company's constitution, except as may be prohibited by the Corporations Act 2001, every Officer or agent of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as Officer or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

During the previous financial year, the Company has paid insurance premiums in respect of directors' and officers' liability insurance. The insurance premiums relate to:
- Costs and expenses incurred by the relevant officers in defending legal proceedings, whether civil or criminal and whatever their outcome; and
- Other liabilities that may arise from their position, with the exception of conduct involving wilful breach of duty or improper use of information to gain a personal advantage.

During the current financial year, the Company did not pay for any premiums for Directors and Officers liability insurance (2018: $6,907).

Proceedings on behalf of the Company
No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company has not been a party to any such proceedings during the year.

The Directors and Management look forward, with confidence, to a great year ahead.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for Directors and executives of Classic Minerals Limited in accordance with the requirements of the *Corporations Act 2001* and its Regulations. For the purpose of this report, Key Management Personnel of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any Director.

The remuneration report is set out in the Table.

Principles used to determine the nature and amount of remuneration

The Board is responsible for determining and reviewing compensation arrangements for the Directors. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. The Company does not link the nature and amount of the emoluments of such officers to the Company's financial or operational performance. The expected outcome of this remuneration structure is to retain and motive directors.

Due to the current size of the Company and number of directors, the Board has elected not to create a separate Remuneration Committee but has instead decided to undertake the function of the Committee as a full Board under the guidance of the formal charter.

The rewards for Directors have no set or pre-determined performance conditions or key performance indicators as part of their remuneration due to the current nature of the business operations. The Board determines appropriate levels of performance rewards as and when they consider rewards are warranted.

The remuneration policy, setting the terms and conditions for the executive directors and other executives, was developed by the board. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation. The board reviews executive packages annually by reference to the Company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

(a) Details of key management personnel ("KMP")

(i) Directors
John Lester
Lu Ning Yi
Frederick Salkanovic

(ii) Senior Executives
Dean Goodwin
Jacob Doutch (ceased being a KMP effective 21st Jan 2019)
Jeffrey Nurse (ceased being a KMP effective 31st Mar 2019)

Details of Remuneration for Year Ended 30 June 2019 and 30 June 2018

The remuneration for each key management personnel of the Company during the year was as follows:

	SHORT-TERM BENEFITS			POST EMPLOYMENT		SHARE-BASED PAYMENT		TOTAL	REPRESENTED BY EQUITY/ OPTIONS
	Salary	Other	Non-Monetary	Superannuation	Retirement Benefits	Equity	Options	$	%
Directors									
Lu Ning Yi									
2019	35,000	-	-	-	-	-	-	35,000	-
2018	21,900	-	-	-	-	15,000	-	36,900	40.65%
John Lester (i)									
2019	94,998	-	-	-	-	-	-	94,998	-
2018	19,400	-	-	-	-	-	-	19,400	-
Frederick Salkanovic (ii)									
2019	35,000	-	-	-	-	27,500	-	62,500	44.00%
2018	30,400	-	-	1,425	-	-	-	31,825	-
Senior Executives									
Dean Goodwin (iii)									
2019	285,033	85,000	-	-	-	36,000	-	406,033	8.87%
2018 (restated)	186,182	-	-	-	-	30,000	-	216,182	13.88%
Jacob Doutch (iv)									
2019	108,761	-	-	10,332	-	-	-	119,093	-
2018	140,000	-	-	18,525	-	55,000	-	213,525	25.76%
Jeffrey Nurse (v) (Resigned as CFO on 31 March 2019)									
2019	92,308	-	-	8,769	-	-	-	101,077	-
2018	120,000	-	-	12,825	-	15,000	-	147,825	10.15%
Total Remuneration Key Management Personnel									
2019	651,100	85,000	-	19,101	-	63,500	-	818,701	7.76%
2018	517,882	-	-	32,775	-	115,000	-	665,657	17.28%

i) A formal contract is in place with John Lester amounting to $100,000 per annum payable as retainer fees. John is also entitled to Non-executive Chairman's fee of $60,000 per annum effective 1st Jan 19.

ii) Frederick is paid non-executive directors at $40,000 per annum effective 1st Jan 19. There was a prepaid amount of $16,600 to Frederick on 30th June 2019.

iii) $36,000 was settled via shares issued during the period. Dan rate of pay is $1,200 + GST per day worked, a formal contract is in place stipulating the roles and responsibilities of a CEO. 3 months' notice is required to terminate the contract.

iv) Jacob ceased to be a KMP as a result of a change in his role pursuant to a board resolution dated 22nd Jan 19, the salary portion has been pro-rated to the period where he was a KMP for the Company.

v) Jeffrey resigned as Company Secretary on the 19th October 2018 and stayed on as CFO till 31st March 2019.

Employment Details of Members of Key Management Personnel

Mr Dean Goodwin became the Chief Executive Officer of the Company on 10 November 2017. Mr Goodwin's rate of pay is $1,200 per day a formal contract is currently in place. In addition, during the year, the Company paid Dean a bonus of $85,000 via the transfer of a motor vehicle.

Non-Executive Director Letter Agreements

The Company has non-executive director letter agreements with Mr John Lester, Mr. Frederick Salkanovic and Mr. Lu Ning Yi, these letter agreements outline the terms and conditions on which the Non-Executive Directors would carry out their duties to the Company. Mr. Lu and Mr. Salkanovic are entitled to an annual remuneration of $40,000 with no superannuation, while Mr. Lester is entitled to $60,000 with no superannuation effective 1st Jan 2019, previously they were entitled to $30,000 per annum. They are reimbursed for reasonable expenses incurred in carrying out their duties.

DIRECTORS' REPORT

Executive Agreements

The Company has an employment contract with Jacob Doutch as Project Manager, previously Mr. Doutch acted as the exploration manager. Jacob Doutch's salary is $195,000 plus superannuation.

In the event that Mr Jacob Doutch's employment is terminated, he will be entitled to receive an additional week's notice and any annual leave and long service leave entitlements will be paid.

Shareholdings of Key Management Personnel

Number of ordinary shares held by key management personnel during the year

	Balance 1 July 2018	*Received as remuneration*	*Net Change Other*	*Balance 30 June 2019*
John Lester	4,750,000	-	-	4,750,000
Lu Ning Yi	21,293,415	-	-	21,293,415
Fred Salkanovic	6,875,000	-	-	6,875,000
Dean Goodwin	37,250,000	31,680,000	(19,050,000)	49,880,000
Jacob Doutch	29,068,875	-	(6,847,070)	22,221,805
Jeffrey Nurse	10,510,000	-	-	10,510,000
	109,747,290	31,680,000	(25,897,070)	115,530,220

	Balance 1 July 2017	*Received as remuneration*	*Net Change Other*	*Balance 30 June 2018*
John Lester	1,000,000	3,750,000	-	4,750,000
Lu Ning Yi	2,751,915	18,541,500	-	21,293,415
Fred Salkanovic	-	6,875,000	-	6,875,000
Dean Goodwin	-	7,500,000	29,750,000	37,250,000
Jacob Doutch	484,059	10,000,000	18,584,816	29,068,875
Jeffrey Nurse	510,000	10,000,000	-	10,510,000
	4,745,974	56,666,500	48,334,816	109,747,290

Option holdings of Key Management Personnel

The Company had no options on issue at any point during the year.

Transactions with Directors, Director Related Entities and other Related Entities are:

2019

During the year, the company signed a formal contract the Chairman, Mr John Lester amounting to $100,000 per annum payable effective from 1st January 2019 as retainer fees.

During the year, the Company paid a bonus to Mr Dean Goodwin amounting to $85,000 through the transfer of a motor vehicle in lieu of cash payment. Mr. Goodwin is entitled to $1,200 + GST fees for days worked.

DIRECTORS' REPORT

2018

Denarda Holdings Pty Ltd is in the business of providing drilling services to mining companies and these services were provided to this Company at commercial rates. During the period, total services provided by Denarda were for $111,800. An amount of $67,677 remains as a prepayment for future drilling as at 30 June 2018. The balance has been reduced to nil in 2019 through the provision of services.

In 2018, an aggregate amount of $346,330 was expensed by the Company in relation to services provided by Namija Pty Ltd ("Namija"). Services performed by Namija during the year include consulting and fees in relation to business strategy, financing and indigenous affairs support at commercial rates. An amount of $97,362 remains owing as at 30 June 2018.

The above transactions are no longer related party transactions during the year as Mr Justin Doutch is no longer a KMP of the Company.

END OF REMUNERATION REPORT

This report of the directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.

John Lester
Non-executive Chairman

Dated this 27th day of September 2019

DIRECTORS' DECLARATION

It is the opinion of the directors of Classic Minerals Limited (the "Company");

1. the financial statements and notes are in accordance with the Corporations Act 2001 and:

    a. comply with Australian Accounting Standards and the Corporations Regulations 2001; and
    b. give a true and fair view of the financial position of the Company as at 30 June 2019 and of the performance as represented by the results of its operations and its cashflows for the 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.

3. the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2.

This declaration is made in accordance with a resolution of the Board of Directors.

John Lester
Non-executive Chairman

Dated this 27th day of September 2019

Bentleys
THINKING AHEAD

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To The Board of Directors

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

As lead audit director for the audit of the financial statements of Classic Minerals Limited for the financial year ended 30 June 2019, 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 audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully

BENTLEYS
Chartered Accountants

CHRIS NICOLOFF CA
Partner

Dated at Perth this 27th day of September 2019

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Advisors
Accountants
Auditors

Bentleys
THINKING AHEAD

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Independent Auditor's Report

To the Members of Classic Minerals Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Classic Minerals Limited ("the Company"), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

a. the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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A member of Bentleys, a network of independent accounting firms located throughout Australia, New Zealand and China that trade as Bentleys. All members of the Bentleys Network are affiliated only and are separate legal entities and not in Partnership. Liability limited by a scheme approved under Professional Standards Legislation.

Advisors
Accountants
Auditors

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report, which indicates that the Company incurred a net loss of $5,433,896 during the year ended 30 June 2019. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter

Exploration Expenditure - $1,550,000
(refer to Note 10)
Exploration expenditure is a key audit matter due to:
– The level of judgement required in evaluating management's application of the requirements of AASB 6 *Exploration for and Evaluation of Mineral Resources*. AASB 6 is an industry specific accounting standard requiring the application of significant judgements, estimates and industry knowledge. This includes specific requirements for expenditure to be capitalised as an asset and subsequent requirements which must be complied with for capitalised expenditure to continue to be carried as an asset; and
– The assessment of impairment of exploration and evaluation expenditure being inherently difficult.
	Our procedures included, amongst others:
	– Assessing management's determination of its areas of interest for consistency with the definition in AASB 6. This involved analysing the tenements in which the Company holds an interest and the exploration programmes planned for those tenements.
	– We agreed terms within acquisition agreements and on a sample basis corroborated rights to tenure to government registries and relevant agreements as applicable;
	– We tested the additions to capitalised expenditure for the year to underlying records and assessed the capitalisation requirements of the Company's accounting policy and the requirements of AASB 6;
	– We considered the activities in each area of interest to date and assessed the planned future activities for each area of interest by evaluating budgets for each area of interest.
	– We assessed each area of interest for one or more of the following circumstances that may indicate impairment of the capitalised expenditure:
	  – the licenses for the right to explore expiring in the near future or are not expected to be renewed;
	  – substantive expenditure for further exploration in the specific area is neither budgeted or planned

Key audit matter	How our audit addressed the key audit matter
	– decision or intent by the Company to discontinue activities in the specific area of interest due to lack of commercially viable quantities of resources; and – data indicating that, although a development in the specific area is likely to proceed, the carrying amount of the exploration asset is unlikely to be recovered in full from successful development or sale. We assessed the appropriateness of the related disclosures in Note 10 to the financial statements.
Borrowings - $772,508 (refer to Note 15) The Company has received short term loans from shareholders during the year for working capital purposes. In addition the Company has repaid loans from the prior year. The specific risks we identified surrounding the loans relate to the rights and obligations of the Company in repaying the loan and whether the loan has been accurately stated at year end based on the terms of the loan agreements. Furthermore as disclosed in Note 15, the Company has received letters from existing lenders stating that the loans will not be called upon until such time the Company has sufficient capacity to repay the loans.	Our procedures included, amongst others: – We reviewed the terms of the shareholder loan agreements; – We assessed the mathematical accuracy on calculating the interest expense for the period pertaining to the loans; – We agreed the repayment and receipt of loans during the period to supporting documentation; – We assessed the adequacy of the disclosure in Note 15.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 internal 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. In Note 2, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2019. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of the Company, for the year ended 30 June 2019, complies with section 300A of the Corporations Act 2001.

Bentleys

BENTLEYS
Chartered Accountants

Chris Nicoloff

CHRIS NICOLOFF CA
Partner

Dated at Perth this 27th day of September 2019

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 30 June 2019

	Note	*30 June 2019* *$*	*30 June 2018* *Restated* *$*
Research & Development rebate	3	-	1,833,192
Other Income	3	300,973	555
Employee benefits and consultants expense		(1,330,780)	(1,992,140)
Advertising and marketing expenses		(98,956)	(165,568)
Legal expenses & professional fees		(361,005)	(216,876)
Commissions		(773)	(30,000)
Depreciation expense	11	(56,375)	(40,350)
Exploration expenses		(1,737,867)	(2,017,956)
Financing Charges		(1,255,788)	(796,335)
Travel expenses		(52,458)	(10,781)
Occupancy expenses		(86,584)	(86,635)
Loss on Asset Disposal		(46,562)	
Administration expenses	4	(707,721)	(227,668)
Profit/(Loss) before income tax expense		(5,433,896)	(3,750,562)
Income tax benefit	5	-	-
Profit/(Loss) for the year		(5,433,896)	(3,750,562)
Total Other Comprehensive Income		-	-
Total Comprehensive loss for year		(5,433,896)	(3,750,562)
Profit/(Loss) for the year			
Attributable to members of Classic Minerals Limited		(5,433,896)	(3,750,562)
		(5,433,896)	(3,750,562)
Total Comprehensive Profit /(Loss) for year			
Attributable to members of Classic Minerals Limited		(5,433,896)	(3,750,562)
		(5,433,896)	(3,750,562)
Basic (loss) per share (cents per share)	6	(0.20)	(0.42)

The accompanying notes form part of this financial report.

CLASSIC MINERALS LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	30 June 2019 $	30 June 2018 Restated $
CURRENT ASSETS			
Cash and cash equivalents	7	135,123	726,100
Trade and other receivables	8	466,178	1,433,572
Other current assets	9	90,314	67,677
TOTAL CURRENT ASSETS		691,615	2,227,349
NON-CURRENT ASSETS			
Exploration and evaluation	10	1,550,000	1,250,000
Plant and equipment	11	170,735	304,429
Other non-current assets	12	3,642	53,642
TOTAL NON-CURRENT ASSETS		1,724,377	1,608,071
TOTAL ASSETS		2,415,992	3,835,420
CURRENT LIABILITIES			
Trade and other Payables	13	2,044,760	1,687,334
Provision for Employee Benefits	14	86,573	114,156
Borrowings	15	772,508	1,473,069
TOTAL CURRENT LIABILITIES		2,903,841	3,274,559
TOTAL LIABILITIES		2,903,841	3,274,559
NET (LIABILITIES)/ ASSETS		(487,849)	560,861
EQUITY			
Issued capital	16	24,482,958	20,262,695
Option Reserve	16(a)	164,923	-
Accumulated losses		(25,135,730)	(19,701,834)
TOTAL EQUITY		(487,849)	560,861

The accompanying notes form part of this financial report.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

		Issued Capital $	*Option Premium Reserve*	*Accumulated Losses* $	*Total Equity* $
Balance at 30 June 2018 (restated)		20,262,695	-	(19,701,834)	560,861
Loss for the year		-	-	(5,433,896)	(5,433,896)
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income/(Loss)		-	-	(5,433,896)	(5,433,896)
Transactions with owners recorded directly in equity		-	-	-	-
Options issued			164,923		164,923
Shares issued (net of expenses) during the year		4,220,263	-	-	4,220,263
Balance at 30 June 2019		24,482,958	164,923	(25,135,730)	(487,849)

		Issued Capital $	*Option Premium Reserve*	*Accumulated Losses* $	*Total Equity* $
Balance at 30 June 2017		13,679,888	-	(15,951,272)	(2,271,384)
Loss for the year (restated)	2(t)	-	-	(3,750,562)	(3,750,562)
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income/(Loss) (restated)		-	-	(3,750,562)	(3,750,562)
Transactions with owners recorded directly in equity					
Shares issued (net of expenses) during the year		6,582,807	-	-	6,582,807
Balance at 30 June 2018 (restated)	2(t)	20,262,695	-	(19,701,834)	560,861

The accompanying notes form part of this financial report.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	30 June 2019 $	30 June 2018 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from the sale of Mining interest – Doherty's		-	50,000
Receipt of Research & Development Rebate 2016/17		1,278,784	554,408
Payments to suppliers and employees		(2,908,271)	(2,959,412)
Interest paid		(257,500)	(112,888)
Interest received		973	555
Net cash (outflows) from operating activities	20(b)	(1,882,014)	(2,467,337)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets		(39,437)	-
Purchase of Prospects		(250,000)	(15,395)
Net cash (outflows) from investing activities		(289,437)	(15,395)
CASH FLOWS FROM FINANCING ACTIVITIES			
Share Capital received		2,816,960	1,600,800
Capital raising costs		(138,000)	(76,795)
Proceeds from options entitlement		14,169	-
Repayment of Loans		(1,744,641)	(238,173)
Proceeds of short term loans		631,986	835,742
Net cash inflows from financing activities		1,580,474	2,121,574
Net increase/ (decrease) in cash held		(590,977)	(361,158)
Cash and cash equivalents at the beginning of the year		726,100	1,087,258
Cash and cash equivalents at the end of the year	20(c)	135,123	726,100

The accompanying notes form part of this financial report.

1. Corporate Information

The financial report of Classic Minerals Limited (the Company) for the year ended 30 June 2019 was authorised for issue in accordance with a resolution of the directors on 27th September 2019.

2. Summary of Significant Accounting Policies

Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporation Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Going Concern

The accounts have been prepared on the going concern basis, which contemplates continuity of normal activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Company recognised a loss of $5,433,896 for the year ended 30 June 2019 (2018: $3,750,562).

The net working capital position of the Company at 30 June 2019 was a deficit of $2,212,226 (2018: $1,047,210). The Company has expenditure commitments relating to exploration expenditure obligations for their projects of $390,324 which potentially could fall due in the twelve months to 30 June 2019. Furthermore, the Company has operating lease commitments of $23,693 payable in the next 12 months.

On 5th July 2019, the Company concluded the first part of the transaction on the Fraser Range Project with Independence Newsearch Pty Ltd and received the first payment of $300,000. The commitment from Independence Newsearch Pty Ltd is to inject cash and tenement expenditure to a maximum $4,550,000 and providing a 1% net smelter royalty if they elects to buy-out Classic.

As disclosed in note 15, the Company has shareholder loans owing as at 30 June 2019 which are payable on 8 October 2019 amounting to $700,000 plus accrued interest of $61,522. The Company has received letters from the financiers stating that the loans will not be called upon until such time the Company has the financial capacity to repay the loans. The Company has applied for an R&D rebate in excess of $1m in relation to the 2019 financial year which it expects to utilise to repay these loans.

The Directors have prepared a cashflow forecast which indicates that the Company need to raise additional capital to meet all commitments and workings capital requirements for the period 12 months from the date of signing this report. The ability of the Company to continue as a going concern is dependent on:

- The ability of the Company to raise capital from equity markets as required; and
- Containing cash outflows based on working capital requirements.

2. Summary of Significant Accounting Policies (continued)

Going Concern (continued)

The above conditions represent a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern. Should the Company be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

a) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts.

b) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the entity in respect of services provided by employees up to reporting date.

c) Recognition And Measurement – Financial Instruments

Financial assets and financial liabilities are recognised in the Group’s statement of financial position when the Group becomes a party to the contractual provisions of the instrument.
Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement
Financial assets
Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates;

2. Summary of Significant Accounting Policies (continued)

- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.
The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Financial liabilities
Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Derecognition
Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial assets
A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.
All of the following criteria need to be satisfied for derecognition of financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Group no longer controls the asset (ie the Group has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.
On derecognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.
The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2. Summary of Significant Accounting Policies (continued)

Impairment
The Group recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost or fair value through other comprehensive income.

Loss allowance is not recognised for:
financial assets measured at fair value through profit or loss; or
equity instruments measured at fair value through other comprehensive income.

The Group uses the simplified approach to impairment, as applicable under AASB 9: Financial Instruments:

Simplified approach
The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. This approach is applicable to:

- trade receivables or contract assets that result from transactions within the scope of AASB 15: Revenue from Contracts with Customers and which do not contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (ie diversity of customer base, appropriate groups of historical loss experience, etc).

Recognition of expected credit losses in financial statements
At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.
The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value, with changes in fair value recognised in other comprehensive income. Amounts in relation to change in credit risk are transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

d) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
ii. for receivables and payables which are recognised inclusive of GST;

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

2. Summary of Significant Accounting Policies (continued)

e) Impairment of assets

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the Statement of Profit or Loss and Other Comprehensive Income immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the Statement of Profit or Loss and Other Comprehensive Income immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

f) Income tax

Current tax
Current tax is calculated by reference to the amount of income tax payable or recoverable in respect of the taxable profit or tax loss for the year. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior years is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax
Deferred tax is accounted for using the statement of financial position liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

2. Summary of Significant Accounting Policies (continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year
Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

g) Payables

Trade payables and other accounts payable are recognised when the entity becomes obliged to make future payments resulting from the purchase of goods and services.

h) Presentation currency

The entity operates entirely within Australia and the presentation currency is Australian dollars.

i) Plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets.

Depreciation
The depreciable amount of all fixed assets is depreciated on a diminishing value basis over their useful lives to the Company commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	***Depreciation Rate***
Motor vehicles, Caravan and Quad Bikes	18.75% - 37.5%
Office equipment	7.5% - 100%

2. Summary of Significant Accounting Policies (continued)

j) Exploration and Evaluation Expenditure

Identifiable exploration assets acquired are recognised as assets at their cost of acquisition.

Subsequent exploration and evaluation costs related to an area of interest are written off. Acquired exploration assets are not written down below acquisition cost until such time as the acquisition cost is not expected to be recovered through use or sale.

k) Intangible assets

Intangible assets with indefinite lives that are acquired separately are carried at cost less accumulated impairment losses.

l) Provisions

Provisions are recognised when the entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

m) Revenue recognition

Interest revenue
Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

n) Equity based compensation

The Company expenses equity based compensation such as share and option issues after ascribing a fair value to the shares and/or options issued. If options vest at date of grant, the expense is taken up at date of grant and a corresponding Option Reserve is credited.

o) Issued capital

Issued capital is recognised at the fair value of the consideration received by the Company. Any transaction costs on the issue of shares are recognised directly in equity as a reduction of the share proceeds received.

p) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that it transferred to the company, are classified as finance leases.

2. Summary of Significant Accounting Policies (continued)

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the year.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the years in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

q) Earnings per share

Basic earnings per share is calculated as a net profit attributable to members, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the year that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

r) Sale of Non-Current Asset

Income from the sale of assets is measured as the consideration received net of the carrying value of the asset and any cost of disposal.

Share based payments

The Company measures the cost of equity-settled transactions principally with its creditors by reference to the fair value of the equity instruments at the date at which they are granted. Share based payments are disclosed at Note 25.

Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the Company's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

Exploration and evaluation costs

Exploration and evaluation costs are written off in the year they are incurred apart from acquisition costs which are carried forward where right of tenure of the area of interest is current.

These costs are carried forward in respect of an area that has not at statement of financial position date reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

2. Summary of Significant Accounting Policies (continued)

Impairment of intangible assets

The Company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Consolidated entity that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the Company as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

Comparative figures

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

When the Group applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed.

s) New Accounting Standards for Application in Future Periods

Application of new and revised Accounting Standards

New, revised or amending Accounting Standards and Interpretations adopted

The Consolidated entity 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 Consolidated entity during the financial period.

AASB 9 Financial Instruments and related amending Standards

In the current year, the Consolidated entity has applied AASB 9 Financial Instruments (as amended) and the related consequential amendments to other Accounting Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of AASB 9 allow an entity not to restate comparatives however, there was no material impact on adoption of the standard.

In summary AASB 9 introduced new requirements for:

- The classification and measurement of financial assets and financial liabilities,
- Impairment of financial assets, and
- General hedge accounting.

AASB 15 Revenue from Contracts with Customers and related amending Standards

In the current year, the Consolidated entity has applied AASB 15 Revenue from Contracts with Customers (as amended) which is effective for an annual period that begins on or after 1 January 2018. AASB 15 introduced a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in AASB 15 to deal with specific scenarios.

There was no material impact on adoption of the standard and no adjustment made to current or prior period amounts.

2. Summary of Significant Accounting Policies (continued)

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Consolidated entity for the reporting period ended 30 June 2019. The Consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Consolidated entity, are set out below.

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Consolidated entity will adopt this standard from 1 July 2019 but the Consolidated entity does not anticipate a material impact on adoption.

t) Prior Year Adjustment

During the period, prior year errors were identified as an omission in the 30 June 2018 financial report. Costs of $128,015 pertaining to the 2018 financial year were not accrued. As a result, the comparative figures have been adjusted for this error, which impacts the following line items:

	30-Jun-18		
	$	*$*	*$*
	Original	Adjustment	Restated
Loss for the period	(3,622,547)	(128,015)	(3,750,562)
Trade and other payables	1,559,322	128,015	1,687,337
Accumulated losses	(19,573,819)	(128,015)	(19,701,834)
Basic and diluted loss per share (cents)	(0.41)	(0.01)	(0.42)

These included related party transactions with the following parties:
-services provided by Reliant Resources Pty Ltd for $65,000

-services provided by Namija Pty Ltd for $39,960. Note that Namija pty Ltd was not a related party during the Financial Year 2019.

NOTE 3: REVENUE FROM CONTINUING OPERATIONS	30 June 2019 $	30 June 2018 $
Research & Development Rebate	-	1,833,192
Interest Income	973	312
Other Income (i)	300,000	243
	300,973	1,833,747

(i) On 17 June 2019, the Company announced the Earn in and Joint agreement over Fraser Range tenements with Independence Newsearch Pty Ltd and as part of the agreement, the Company will receive an initial cash payment of $300,000. Refer to note 8(ii).

NOTE 4: ADMINISTRATION EXPENSES	30 June 2019 $	30 June 2018 $
The loss before income tax has been arrived at after charging the following expenses:		
Insurance expenses	9,834	6,907
Telephone expenses	6,805	7,092
Other administration expenses	691,082	213,669
	707,721	227,668

NOTE 5: INCOME TAX		30 June 2019 $	30 June 2018 $
(a) Current tax expense			
Current year		-	-
	5(b)	-	-
(b) Numerical reconciliation between tax expense and pre-tax net profit			
Profit/ (Loss) before tax		(5,433,896)	(3,750,562)
Income tax expense/(benefit) calculated at 27.5% (2018: 27.5%)		(1,494,321)	(1,031,404)
Tax effect of:			
- Non-deductible expenses		19,382	75,566
- Impairment		-	-
- Share based payments		22,166	345,765
- Current year revenue losses for which no deferred tax asset has been recognised		-	-
-Unrecognised timing differences		1,294,572	305,774
-Exploration costs		-	-
- Taxable profit on disposal of tenements		-	-
-Research & Development rebate received		158,201	304,299
Capital losses utilised		-	-
Prior year tax losses utilised		-	-
Income tax expense on pre-tax net profit		-	-
(c) Unrecognised deferred tax balances			
The following deferred tax assets at 27.5% (2018: 27.5%) have not been brought to account:			
Unrecognised deferred tax asset – tax losses		2,829,067	1,687,517
Unrecognised deferred tax asset- other timing differences		262,268	112,378
Net deferred tax assets		3,091,335	1,799,895

The net deferred tax assets not brought into account will only be of a benefit to the Company if future assessable income is derived of a nature and amount sufficient to enable the benefits to be realised, the conditions for deductibility imposed by the tax legislation continue to be complied with and the Company are able to meet the continuity of ownership and/or continuity of business tests.
This tax note has been prepared on the basis that prior year losses are able to be recouped. It should be noted that the ability of a company to utilise prior year tax losses will depend upon the satisfaction of the loss recoupment tests contained within the Income Tax Legislation. At the time of preparing the financial statements, this assessment has not been undertaken.

NOTE 6: EARNINGS PER SHARE

	30 June 2019 *$*	*30 June 2018* *$*
Profit/(loss) for the year	(5,433,896)	(3,750,562)
Weighted average number of ordinary shares at 30 June	2,652,563,140	893,203,375
Earnings/(loss) per share – cents	(0.20)	(0. 42)

NOTE 7: CASH AND CASH EQUIVALENTS

	30 June 2019 *$*	*30 June 2018* *$*
Cash at bank	135,123	726,100

NOTE 8: TRADE AND OTHER RECEIVABLES

	30 June 2019 *$*	*30 June 2018* *$*
Current		
Research & Development Rebate for 2018/19 (i)	-	1,278,783
Receivable from Independence Group NL (ii)	330,000	-
Prepaid Interest on Convertible Note – Gurindji Pty Ltd	-	54,137
Other receivables	248,553	80,573
Bonds and Security Deposits	20,000	20,079
Less: Provision for Doubtful Debt	(132,375)	-
	466,178	1,433,572

As at 30 June 2019 trade and other receivables do not contain any impaired assets.

(i) The Company has lodged for Research & Development Rebate for 2018/19, however as the amount is uncertain, no accruals has been made in relation to the rebate as at financial year-ended 2019.
(ii) On 17 June 2019, the Company announced the Earn in and Joint agreement over Fraser Range tenements with Independence Newsearch Pty Ltd and as part of the agreement, the Company will receive an initial cash payment of $300,000 + GST.

NOTE 9: OTHER ASSETS

	30 June 2019 *$*	*30 June 2018* *$*
Current		
Prepaid Expenses	90,314	67,677
	90,314	67,677

During the year, the Company has capitalised some prepaid rents (tenements) and digital marketing expenses. $16,600 of directors fees were prepaid for Frederick Salkanovic during the year.

NOTE 10: EXPLORATION AND EVALUATION ASSETS

	30 June 2019 $	*30 June 2018* $
Current		
Forrestania project (i)	850,000	850,000
Lady Lila tenements (ii)	400,000	400,000
Kat Gap tenements (iii)	300,000	-
	1,550,000	1,250,000

(i) The Company entered into an agreement to acquire 80% gold rights in 5 exploration licences and 2 prospecting licences, collectively known as the Forrestania Gold Project. The acquisition was completed on 22 August 2017, with the payment of the consideration, being the issue of 85,000,000 shares.

(ii) Pursuant to a Heads of Agreement dated 20 March 2017 between the Company and Fortuna SL Mining Pty Ltd ("Fortuna") the Company acquired 100% gold interest in 2 prospecting licences, also known as the Lady Lila tenements. The acquisition was completed on 4 August 2017 with the payment of the consideration, being the issue of 40,000,000 shares. The Company's shareholders approved this issue at the General Meeting on 21 June 2017. As disclosed at Note 18, Fortuna retain a 2.5% Net Smelter Royalty on all gold production.

(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, the Company 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. Additionally, the Company must spend $140,000 on the tenements during the option period. The company has exercised the option and purchased the tenements during the year.

NOTE 11: PLANT AND EQUIPMENT

Gross Carrying Amount	Plant & Equipment $	Motor Vehicle under Hire Purchase $	Motor Vehicles, Caravans and Quad Bikes $	TOTAL $
Balance at 30 June 2018	180,506	139,853	377,394	697,753
Additions	39,437	-	-	39,437
Disposals	-	-	(140,000)	(140,000)
Write-offs	(49,005)	-	(80,451)	(129,456)
Reclassification of assets	23,069	-	(23,069)	-
Balance at 30 June 2019	194,007	139,853	133,874	467,734
Accumulated Depreciation				
Balance at 30 June 2018	156,611	85,570	151,143	393,324
Depreciation expense	20,843	17,481	18,051	56,375
Disposals	-	-	(7,911)	(7,911)
Write-offs	(49,005)	(5,921)	(89,863)	(144,789)
Reclassification of assets	(44,627)		44,627	-
Balance at 30 June 2019	83,822	97,130	116,047	296,999
Net Book Value				
As at 30 June 2018	23,895	54,283	226,251	304,429
As at 30 June 2019	110,185	42,723	17,827	170,735

NOTE 12: OTHER NON CURRENT ASSETS

	30 June 2019 $	*30 June 2018* $
Non- Current		
Bond on tenements	3,642	3,642
Option Fee – Kat Gap tenements (i)	-	50,000
	3,642	53,642

(i) During the year, the Company has exercised the option to purchase the Kat Gap tenements. Refer to note 10.

NOTE 13: TRADE AND OTHER PAYABLES	*30 June 2019* *$*	*30 June 2018* *$*
Current		
Trade and other creditors (i)	1,483,249	1,116,537
Accruals	518,027	500,182
Accrual – outstanding salaries (ii)	43,484	70,615
	2,044,760	1,687,334

(ii) Trade payables are non-interest bearing and are normally settled on 30-60 day terms. As at 30 June 2019, the amount of Trade payables was $1,169,301 and the amount exceeding normal trading terms totalling $667.279

(iii) Jacob Doutch and Jeff Nurse agreed to defer the payment of salaries until such time as the Company could pay them. The amount as at 30 June 2019 owing to them were $43,484.

NOTE 14: PROVISION FOR EMPLOYEE BENEFITS	*30 June 2019* *$*	*30 June 2018* *$*
Current		
Provision for Annual Leave	86,573	114,156
	86,573	114,156

NOTE 15: BORROWINGS	*30 June 2019* *$*	*30 June 2018* *$*
Current		
Loans from shareholders (i)	732,005	412,324
Loans from Related Parties (ii)	-	1,000,000
Hire Purchase contract (iii)	40,503	60,745
	772,508	1,473,069

(i) As at 30 June 2019, short term loans of $700,000 had been advanced to the Company by two of its shareholders. The short-term loans are secured against the Company's assets and accrue interest of 10% per month. The loans are payable on the 8th of October 2019 and the Company has received letters from the lenders stating that the loans will not be called upon until such time the Company has the financial capacity to repay the loans. The remaining $32,005 are small advanced provided during the year.

(ii) On 4 September 2018, the Company has repaid the $1m convertible note to Gurindji Pty Ltd, a former related party, and has received confirmation from Gurindji Pty Ltd that all debt owing has been repaid.

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

NOTE 16: ISSUED CAPITAL

Ordinary shares	*30 June 2019* *$*	*Number of Shares*
At the beginning of the reporting year	20,262,695	1,874,239,444
Share based payments (refer to Note 25)	1,629,903	492,752,685
Share Capital issued at 0.4 cents (July 2018)	61,200	36950000
Share Capital issued at 0.45 Cents (August / September / November 2018)	2,150,000	477,777,777
Share Capital issued at 0.25 cents (December 2018 / February 2019)	110,000	44,000,000
Share Capital issued at 0.125 cents (February 2019)	100,000	80,000,000
Application Funds received in advance	299,849	-
Share base entry for difference between market value of shares and the value of the creditors paid	7,311	-
Less: expenses related to capital raisings	(138,000)	-
At the end of the reporting year	24,482,958	3,005,719,906

Ordinary shares	*30 June 2018* *$*	*Number of Shares*
At the beginning of the reporting year	13,679,888	410,572,007
Share based payments	5,058,802	1,078,867,437
Share Capital issued at 0.32 cents (December 2017)	100,000	31,250,000
Share Capital issued at 0.4 Cents (March 2018)	562,000	140,500,000
Share Capital issued at 0.4 cents (May / June 2018)	852,200	213,050,000
Application Funds received in advance	86,600	-
Less: expenses related to capital raisings	(76,795)	-
At the end of the reporting year	20,262,695	1,874,239,444

NOTE 16(a): OPTIONS RESERVE

Options	*30 June 2019* *$*	*Number of Options*
At the beginning of the reporting year		
Issue of 20,000,000 free attaching options with a subscription price of $0.0001 on 24/12/2018 with an exercise price of $0.007 expiring 05/11/2021	2,000	20,000,000
Issue of 40,000,000 free attaching options with a subscription price of $0.0001 on 28/2/2019 with an exercise price of $0.002 expiring on 01/03/2022	4,000	40,000,000
Grant of 25,000,000 facilitator options(1) with an exercise price of $0.002 expiring on 03/06/2022	16,655	-
Grant of 100,040,352 options to creditors (2) with an exercise price of $0.002 expiring on 01/03/2022	63,191	-
Grant of 275,000,000 options to lenders(3) with an exercise price of $0.002 expiring on 01/03/2022	79,077	
At the end of the reporting year	164,923	-

During the period, the Company granted options for services and debt forgiveness. The terms of the options are as follows:

Input	Facilitator Options(1)	Debt for Equity(2)	Financing(3)
Number of options	25,000,000	100,040,352	275,000,000
Grant date share price	$.001	$0.001	$0.001
Exercise price	$0.002	$0.002	$0.002
Expected volatility	134%	134%	134%
Risk-free interest rate	1.13%	0.98%	0.98%
Dividend yield	-	-	-
Fair value	$16,655	$63,191	$173,706

(1) 25,000,000 Facilitator options were granted pursuant to a mandate entered into with Argonaut for facilitating the Earn in and Joint venture agreement with Independence Newsearch Pty Ltd. As at 30 June 2019 these options have not been issued.

(2) 100,040,352 options were granted to existing creditors and were approved by Shareholders at a general meeting on 27 June 2019. The excess between the fair value of the options and the subscription price has been recognised as a share based payment expense. These options were issued on 15 July 2019.

(3) 275,000,000 options were granted to lenders and were approved by Shareholders at a general meeting on 27 June 2019. Of these options, the terms of 150,000,000 options are currently being renegotiated and these have been accrued for as a liability for $94,748, the remaining 125,000,000 options with a fair value of $79,077 have been recognised within equity. 45,000,000 options were issued on 15 July 2019.

NOTE 17: EXPENDITURE COMMITMENTS

(a) Exploration Expenditure Commitments

	30 June 2019 $	30 June 2018 $
Payable		
Not later than 1 year	390,324	398,589
More than 1 year but not later than 5 years	232,498	640,504
Greater than 5 years	-	-
	622,822	1,039,093

(b) Rental Commitments

	30 June 2019 $	30 June 2018 $
Payable		
Not later than 1 year	23,693	46,977
Later than 1 year but not later than 5 years	-	-
	23,693	46,977

The Company has entered into a contract to lease office and warehouse premises located at 71 Furniss Street, Landsdale, 6065. The lease has been renewed from 1 November 2017 for a period of 24 months. The company is currently negotiating the renewal of the lease. A security deposit of $20,000 has previously been paid.

(c) Finance lease commitments – Company as lessee

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	30 June 2019 $	30 June 2018 $
Within one year	40,502	62,106
After one year but not more than five years	-	-
Total minimum lease repayments	40,502	62,106
Less amounts representing finance charges	-	(1,361)
Present value of minimum lease payments	40,502	60,745
Included in the financial statements as:		
Current interest-bearing liabilities	40,502	60,745
Non-current interest-bearing liabilities	-	-
Total included in interest-bearing liabilities	40,502	60,745

(d) Capital Expenditure Commitments

There were no capital expenditure commitments at 30 June 2019.

NOTE 18: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Under the terms of the agreement entered into with Fortuna SL Mining Pty Ltd for the acquisition of 100% gold interest in 2 prospective licences known as the Lady Lila tenements, Fortuna will retain a 2.5% Net Smelter Royalty on all gold production at these tenements.

The sale of the Doherty's project was concluded on 5 July 2017. Classic will receive a 7.5% Net Smelter Return royalty from production.

Under the terms of a mandate with Argonaut, 1.5% of any exploration expenditure as defined in the Independence Newsearch Pty Ltd earn-in and joint venture agreement, will be payable by the Company as and when that exploration expenditure is incurred but excluding the first $640,000 exploration expenditure associated with the first earn-in period.

NOTE 19: SEGMENT REPORTING

The Company operates predominantly in the mineral exploration industry in Australia. For management purposes, the Company is organised into one main operating segment which involves the exploration of minerals in Australia. All of the Company's activities are interrelated and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Company's as one segment. The financial results from this segment are equivalent to the financial statements of the Company's as a whole.

NOTE 20: STATEMENT OF CASH FLOWS

(a) Reconciliation of financial liabilities

	30-Jun-19
	$
Financial liabilities at the beginning of the reporting year	1,473,067
Proceeds from borrowings	1,131,985
Repayment of borrowings	(2,518,440)
Interest paid	685,894
Financial liabilities at the end of the reporting year	772,507

	30 June 2019 $	30 June 2018 $
(b) Reconciliation of the net loss after income tax to net cash flows from operating activities		
Net profit/(loss) for the year	(5,433,896)	(3,750,562)
Non-cash Items		
Depreciation expense	56,375	40,350
Share based payments[1]	1,629,903	3,447,781
Provision for Doubtful Debts	206,546	-
Settlement of a bonus payable to KMP via the disposal of a motor vehicle	85,000	-
Miscellaneous assets written off	1,291	-
Loss on Asset Disposal	46,562	-
Shares yet to be issued	46,500	-
Changes in assets and liabilities		
(Increase)/decrease in debtors/receivables	979,894	(1,329,832)
(Increase)/decrease in other assets	(22,636)	82,600
Increase/(decrease) in trade creditors and accruals	532,746	(997,653)
Increase/(decrease) in provisions	(10,299)	39,979
Cash outflows from operations	(1,882,014)	(2,467,337)

[1] During the year, non-cash share-based payments amounted to $1,629,903. Of these, $1,327,771 related to operating activities. Other share-based payments in relation to financing and investing activities were $302,132 in total. These included:
Investing:
- None

Financing:
- Settlement of loans payable of $302,132.

For further information on share based payments refer to Note 25.

|(c) Reconciliation of cash and equivalents

.

Cash and equivalents comprise		
- cash at bank and in hand	135,123	726,100

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

Short term deposits are made for varying years of between one day and three months depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates.

NOTE 21: KEY MANAGEMENT PERSONNEL DISCLOSURES

	30 June 2019 $	*30 June 2018 Restated $*
Compensation of key management personnel by category		
Short-term employee benefits	736,100	517,882
Post employment benefits	19,101	32,775
Share-based payment	63,500	115,000
	818,701	665,657

Refer to the Remuneration report contained in the Director's Report for details of the remuneration paid to each member of the Company's Key Management Personnel, shares and option holdings.

NOTE 22: RELATED PARTY TRANSACTIONS

Transactions with Directors, Director Related Entities and other Related Entities are:

2019

During the year, the company signed a formal contract the Chairman, Mr John Lester amounting to $100,000 per annum payable effective from 1st January 2019 as retainer fees.

During the year, the Company paid a bonus to Mr Dean Goodwin amounting to $85,000 through the transfer of a motor vehicle in lieu of cash payment. Mr. Goodwin is entitled to $1,200 + GST fees for days worked.

2018

In 2018, an aggregate amount of $221,278 was due and payable to Mr Justin Doutch this amount represented salaries totalling $97,678 up to 6 November 2017 in his capacity as an Executive Director. During a transitional period, Mr Doutch received $123,600 on an ad hoc contract basis. An amount of $21,525 remained owing as at 30 June 2018.

- Denarda Holdings Pty Ltd is in the business of providing drilling services to mining companies and these services were provided to this Company at commercial rates. During the period, total services provided by Denarda were for $111,800. An amount of $67,677 remains as a prepayment for future drilling as at 30 June 2018. This balance will be reduced in future years through the provision of further drilling services and associated services.
  In 2018, an aggregate amount of $346,330 was expensed by the Company in relation to services provided by Namija Pty Ltd ("Namija"). Services performed by Namija during the year include consulting and fees in relation to business strategy, financing and indigenous affairs support at commercial rates. An amount of $97,362 remains owing as at 30 June 2018

NOTE 23: FINANCIAL RISK MANAGEMENT AND POLICIES

The Company's activities expose it to a variety of financial risks: market risk (interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company does not use derivative financial instruments; however the Company uses different methods to measure different types of risk to which it is exposed.

Risk management is carried out by the Board of Directors with assistance from suitably qualified external advisors when required. The Board provides written principles for overall risk management and further policies will evolve commensurate with the evolution and growth of the Company.

The carrying value of the Company's financial instruments are as follows:

	30 June 2019 *$*	*30 June 2018* *$*
Financial assets		
Cash and cash equivalents	135,123	726,100
Trade and other receivables	577,324	1,433,572
	712,447	2,159,672
Financial liabilities		
Trade and other payables	2,044,760	1,687,334
Borrowings	772,508	1,473,067
	2,817,268	3,160,401

The Company's principal financial instruments comprise cash, trade and other receivables. The Company has borrowings and a hire purchase liability for a motor vehicle and trade and other payables in the normal course of business.

The main purpose of these financial instruments is to fund the Company's operations.

It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Company are cash flow (interest rate risk, liquidity risk and credit risk). The Board reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Market risk

(i) Foreign exchange risk
The Company's exposure to foreign exchange risk arising from currency exposures is limited.

(ii) Cash flow and interest rate risk
The Company's only interest rate risk arises from cash and cash equivalents held. Term deposits and current accounts held with variable interest rates expose the Company to cash flow interest rate risk. The Company does not consider this to be material and has therefore not undertaken any further analysis of risk exposure.

(b) Credit risk

Credit risk is managed by the Board and arises from cash and cash equivalents as well as credit exposure including outstanding receivables and committed transactions.

All cash balances held at banks are held at internationally recognised institutions.

The maximum exposure to credit risk at reporting date is the carrying amount of the trade and other receivables. The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about default rates.

Financial assets that are neither past due and not impaired are as follows:-

	30 June 2019 *$*	*30 June 2018* *$*
Cash and cash equivalents		
AA S&P rating	135,123	726,100
Trade and Other receivables		
Unsecured	466,178	1,433,572

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash balances and access to equity funding.

The Company's exposure to the risk of changes in market interest rates relate primarily to cash assets and floating interest rates. The Company does not have significant interest-bearing assets and is not materially exposed to changes in market interest rates.

The directors monitor the cash-burn rate of the Company on an on-going basis against budget and the maturity profiles of financial assets and liabilities to manage its liquidity risk.

The financial liabilities the Company had at reporting date were trade payables incurred in the normal course of the business and a hire purchase liability.

The following table sets out the carrying amount, by maturity, of the financial assets and liabilities:

Year ended 30 June 2019	<1 year	1 - 5 Years	Over 5 Years	Total contractual cashflows	Weighted average effective interest rate %
Financial Assets:					
Cash and Cash equivalents	135,123	-	-	135,123	-
Trade and other Receivables	466,178	-	-	466,178	-
	601,301	-	-	601,301	
Financial Liabilities:					
Trade and other payables	2,044,760	-	-	2,044,760	-
Hire purchase liabilities	40,502	-	-	40,502	-
Borrowings	732,005	-	-	732,005	-
	2,817,267	-	-	2,817,267	

Year ended 30 June 2018	<1 year	1 - 5 Years	Over 5 Years	Total contractual cashflows	Weighted average effective interest rate %
Financial Assets:					
Cash and Cash equivalents	726,100	-	-	726,100	-
Trade and other Receivables	1,433,572	-	-	1,433,572	-
	2,155,672	-	-	2,155,672	
Financial Liabilities:					
Trade and other payables	1,687,334	-	-	1,687,334	-
Hire purchase liabilities	60,745	-	-	60,745	5.3
Borrowings	1,412,324	-	-	1,412,324	62.67
	3,160,401	-	-	3,160,401	

(d) Fair value estimation

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short term nature.

The fair value of long term borrowings is not materially different from their carrying value.

The entity's principle financial instruments consist of cash and deposits with banks, accounts receivable, trade payables and loans payable. The main purpose of these non-derivative financial instruments is to finance the entity's operations.

(e) Capital risk

The Company determines capital to be the equity as shown in the statement of financial position plus net debt (being total borrowings less cash and cash equivalents).

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

During 2019, the Company's strategy, which has remained unchanged from 2017 and 2018, borrowed funds on a short-term basis to assist in its exploration activities. The company's equity management is determined by funds required to undertake its research & development activities and meet its corporate and other costs.

NOTE 24: SUBSEQUENT EVENTS

On 5th July 2019, the Company concluded the first part of the transaction on the Fraser Range Project with Independence Newsearch Pty and received the first payment of $300,000.

The Share Purchase Plan was closed on 15th July 2019, and the Company raised $709,500 out of the maximum permitted amount of $900,000.

The encouraging drilling results announced, post financial year end, prompted the Directors to look for strategic advice for the direction of the Company. This search ended on 19th September 2019, with the appointment of Mr Klaus Eckhof as Corporate & Technical Advisor. The agreed remuneration will be paid in Performance rights, subject to shareholder approval, at the Annual General Meeting.

There have been no other matters or circumstances that have arisen since 30 June 2019 that have or may significantly affect the operations, results, or state of affairs of the Company in future financials years.

NOTE 25: SHARE BASED PAYMENTS

Shares granted to creditors and advisers as share based payments during the year are as follows:

Name	Grant Date	Vesting Date	Number of shares	Total Value ($)	Expense
Stock Assist Group Pty Ltd	4-Jul-18	4-Jul-18	85,000,000	340,000.00	Share placement
Adam McKay	13-Aug-18	13-Aug-18	12,613,796	50,455.18	Financing
CTRC Pty Ltd	13-Aug-18	13-Aug-18	10,000,000	40,000.00	Financing
Gurindji Pty Ltd	4-Sep-18	4-Sep-18	7,572,553	34,076.49	Financing
Jasford Enterprises Pty Ltd	4-Sep-18	4-Sep-18	3,111,111	14,000.00	Creditor
Brett Lewis Contracting	4-Sep-18	4-Sep-18	2,222,222	10,000.00	Creditor
Gurindji Pty Ltd	4-Sep-18	4-Sep-18	10,000,000	45,000.00	Financing
Namija Pty Ltd	4-Sep-18	4-Sep-18	6,000,000	27,000.00	Consultant
CTRC Pty Ltd	4-Sep-18	4-Sep-18	12,000,000	54,000.00	Financing
Greywood Holdings Pty Ltd	4-Sep-18	4-Sep-18	1,000,000	4,500.00	Financing
CTRC Pty Ltd	16-Nov-18	16-Nov-18	9,800,000	44,100.00	Financing
Central Kal Drilling Pty Ltd	16-Nov-18	16-Nov-18	7,990,150	39,950.75	Consultant
Jasford Enterprises Pty Ltd	16-Nov-18	16-Nov-18	15,160,000	75,800.00	Consultant
Exploration Machinery Hire	16-Nov-18	16-Nov-18	11,088,000	55,440.00	Consultant
Brett Lewis Contracting	16-Nov-18	16-Nov-18	3,972,000	19,860.00	Consultant
Direct Mining Solution Services	16-Nov-18	16-Nov-18	10,822,222	54,111.11	Consultant
Greywood Holdings Pty Ltd	27-Dec-18	27-Dec-18	6,000,000	15,000.00	Financing
Aneles Consulting Svs Pty Ltd	27-Dec-18	27-Dec-18	71,672,727	394,200.00	Consultant
Gurindji Pty Ltd	28-Feb-19	28-Feb-19	12,151,904	15,189.88	Consultant
Namija Pty Ltd	28-Feb-19	28-Feb-19	13,633,600	17,042.00	Consultant
Namija Pty Ltd	28-Feb-19	28-Feb-19	8,966,400	11,208.00	Consultant
Malcolm Doutch	28-Feb-19	28-Feb-19	760,000	950.00	Consultant
Malcolm Doutch	28-Feb-19	28-Feb-19	2,440,000	3,050.00	Consultant

Malcolm Doutch	28-Feb-19	28-Feb-19	800,000	1,000.00	Consultant
Greywood Holdings Pty	28-Feb-19	28-Feb-19	6,000,000	15,000.00	Financing
Brett Lewis Contracting	28-Feb-19	28-Feb-19	4,640,000	5,800.00	Consultant
Jacob Doutch	28-Feb-19	28-Feb-19	40,000,000	50,000.00	Salary
Stamp Foundation	28-Feb-19	28-Feb-19	171,200	214.00	Creditor
Stamp Foundation	28-Feb-19	28-Feb-19	9,786,504	12,233.13	Creditor
Stamp Foundation	28-Feb-19	28-Feb-19	3,242,296	4,052.87	Creditor
Exploration and Mining Project Services	28-Feb-19	28-Feb-19	11,880,000	14,850.00	Creditor
Jasford Enterprises Pty Ltd	28-Feb-19	28-Feb-19	9,600,000	12,000.00	Creditor
Lawton Gillion Lawyers	28-Feb-19	28-Feb-19	8,000,000	10,000.00	Creditor
Reliant Resources Pty Ltd	28-Feb-19	28-Feb-19	15,840,000	19,800.00	Creditor
Justin Doutch	28-Feb-19	28-Feb-19	2,560,000	3,200.00	Consultant
Garry William Doutch	28-Feb-19	28-Feb-19	4,800,000	6,000.00	Consultant
Tracey Pearson	28-Feb-19	28-Feb-19	4,000,000	5,000.00	Consultant
Exploration and Mining Project Services	28-Feb-19	28-Feb-19	9,326,976	11,658.72	Creditor
Exploration and Mining Project Services	28-Feb-19	28-Feb-19	10,893,024	13,616.28	Creditor
Reliant Resources Pty Ltd	28-Feb-19	28-Feb-19	15,840,000	19,800.00	Creditor
SME Tax Solutions Pty Ltd	28-Feb-19	28-Feb-19	6,160,000	7,700.00	Creditor
SME Tax Solutions Pty Ltd	28-Feb-19	28-Feb-19	5,236,000	6,545.00	Creditor
Greywood Holdings Pty *			26,500,000	26,500	Creditor
Foskin Pty Ltd *			20,000,000	20,000	Creditor
			539,252,685	1,629,903	

* Shares yet to be issued.

NOTE 26: AUDITORS REMUNERATION

	30 June 2019 $	30 June 2018 $
Auditors remuneration	30,000	25,520
	30,000	25,520

NOTE 27: COMPANY DETAILS

The principal place of business of the Company is 71 Furniss Road, Landsdale WA 6065.

Schedule of Mineral Tenements as at 20 September 2019		
TENEMENT	AREA	INTEREST HELD BY CLASSSIC MINERALS LIMITED
E74/422	Forrestania	100%
E74/467	Forrestania	100%
P77/4291	Forrestania	80%
P77/4290	Forrestania	80%
E77/2207	Forrestania	80%
E77/2219	Forrestania	80%
E77/2220	Forrestania	80%
E77/2239	Forrestania	80%
E77/2303	Forrestania	80%
P77/4325	Forrestania	100%
P77/4326	Forrestania	100%
E77/2472	Forrestania	100%
E77/4271	Forrestania	100%
E77/2470	Forrestania	100%
E28/1904	Fraser Range	100%
E28/2705	Fraser Range	100%
E28/2704	Fraser Range	100%
E28/2703	Fraser Range	100%

As at 20 September 2019;

The following information is required by the ASX Limited in respect of public companies and is current as at 23 September 2019.

1. Shareholding

SIZE OF HOLDINGS	NUMBER OF HOLDERS	Ordinary Shares
1 - 1,000	27	2,377
1,001 - 5,000	4	17,704
5,001 - 10,000	115	1,121,205
10,001 - 100,000	424	27,383,932
100,001 - 999,999,999,999	1,670	4,867,294,688
TOTAL	2,240	4,895,819,906

2. The number of shareholdings held which comprise less than a marketable parcel is 699 shareholders holding 46,238,757 shares.
3. As at 20 September 2019 there are no restricted shares.
4. There are no substantial shareholders in the Company's registry as at 20 September 2019.
5. The voting rights attached to the ordinary shares are as follows:
    a. Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Top 20 Shareholders as at 20 September 2019

Rank	Name	Units	% of Units
1	VIENNA HOLDINGS PTY LTD	166,666,667	3.4
2	RELIANT RESOURCES PTY LTD (#1156624)	114,880,000	2.35
3	NAMIJA PTY LTD (#1156627)	95,888,806	1.96
4	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	82,100,000	1.68
5	GURINDJI PTY LTD <GURINDJI A/C>	82,000,000	1.67
6	ROTHERWOOD ENTERPRISES PTY LTD	73,199,058	1.5
7	S3 CONSORTIUM PTY LTD	69,300,000	1.42
8	MR KLAUS ECKHOF	66,666,667	1.36
9	CTRC PTY LTD	65,938,447	1.35
10	GREYWOOD HOLDINGS PTY LTD	65,933,333	1.35
11	LU NING YI	64,791,500	1.32
12	WHEAD PTY LTD <CJ HOLDINGS A/C>	62,500,000	1.28
13	ANELES CONSULTING SERVICES PTY LTD	58,283,946	1.19
14	FREDERICK SALKANOVIC	56,875,000	1.16
15	JOHN LESTER MANAGEMENT PTY LTD	54,750,000	1.12
16	NINGALOO INTERNATIONAL PTY LTD	53,200,000	1.09
17	MR JONATHAN WILLIAM DOUTCH	53,183,596	1.09
18	MRS SERENA JULIET DALZIELL	50,031,726	1.02
19	SCINTILLA STRATEGIC INVESTMENTS LIMITED	50,000,000	1.02
20	SHUJIE INVESTMENTS CO PTY LTD <SHUJIE A/C>	50,000,000	1.02
	Totals: Top 20 holders of CLZ ORDINARY FULLY PAID	1,436,188,746	29.33
	Total Remaining Holders Balance	3,459,631,160	70.67
	Total Holders Balance	4,895,819,906	100%

As at 20 September 2019

<u>SECURITY CLASS – Unlisted Options:</u>

Exercise Price: $0.007
Expiry Date: 05 November 2021
Holders: 1
Number of Options: 20,000,000

<u>SECURITY CLASS – Unlisted Options:</u>

Exercise Price: $0.002
Expiry Date: 01 March 2022
Holders: 17.
Number of Options: 200,490,352