

ASX Announcement

16 April 2018

CLASSIC COMMENCES REGIONAL DRILLING PROGRAM TARGETING RESOURCE UPGRADES AND NEW DISCOVERIES

Highlights:

- RC drilling program underway at Van Uden West, Lady Lila and Kat Gap
- Target areas untouched for 18 years
- Assay results expected early May
- Drilling to recommence at Lady Magdalene once final Govt approvals received

1. INTRODUCTION

WA-focused gold exploration and development company Classic Minerals Limited (ASX: CLZ) ("Classic", or "the Company") is pleased to announce that it has commenced RC drilling at its Forrestania Gold Project (FGP) in Western Australia.

Over the coming period, the Company will be drilling at new prospect Van Uden West, Lady Lila and Kat Gap with the aim of uncovering a new gold system (at Van Uden West) and improving/increasing known mineralisation at Lady Lila and Kat Gap.

Lady Lila is a BIF hosted gold deposit that is very similar in geological characteristics to Bounty and Blue Vein (held by KDR) which are prolific, high grade gold deposits in the region. Kat Gap contains a shallow unmined gold deposit discovered in the 1990s, which was the subject of resource estimations and scoping study by Sons of Gwalia in 2003. High grade RC drill intercepts include 15 m @ 15.1 g/t Au from 39 m depth and 6 m @ 19.1 g/t from 17 m depth. The open-ended deposit lies within a 5 km long geochemical gold anomaly that has seen very little drill testing, and there is potential for the discovery of a substantial gold deposit within the project area. Van Uden West is a brand new gold target having similar orientation and geological setting to the high grade Kat Gap deposit.

The RC drill rig is on site and drilling at present, with this first pass program expected to be complete within 10 days.

Classic CEO Dean Goodwin said:

As an exploration geologist, I am incredibly excited about the forthcoming drilling at FGP. It has always been my opinion that there is huge scope for brand new discoveries outside of the known deposits and this drill program signals Classic's belief in the region and is the initial step towards our goal of uncovering additional, high quality ounces outside of Lady Magdalene and Lady Ada.

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2. REGIONAL DRILLING TARGETS

The following map shows the drill targets:

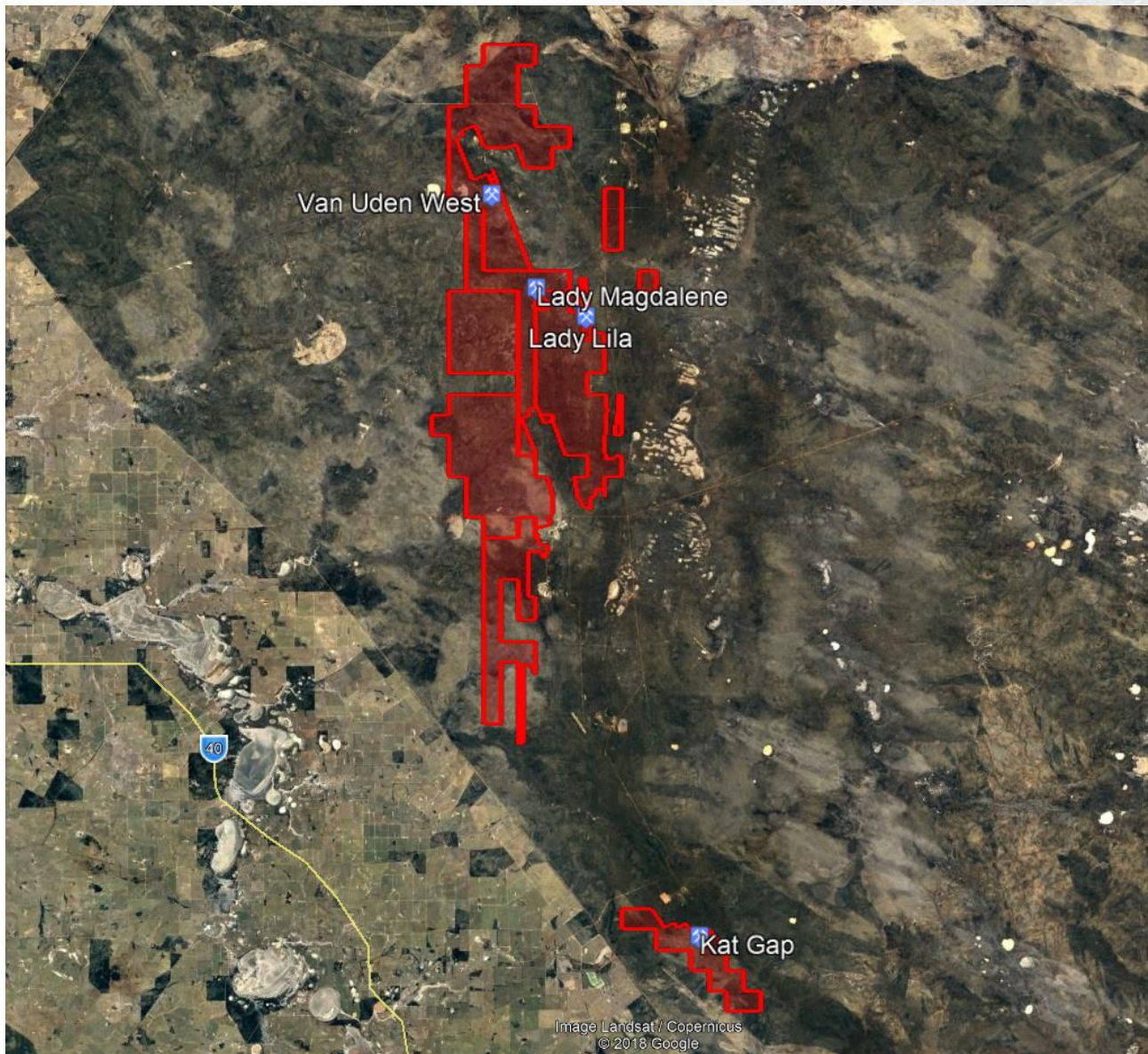


Figure 1: FGP tenure shown in red and drill targets

3. LADY LILA DRILLING – ANOTHER BOUNTY GOLD MINE?

Lady Lila is situated 4km east of Lady Ada and is hosted by a chert/banded iron formation within the younger metasedimentary central zone. The previous drilling is shallow (approx. 50m depth testing) and generally intercepts the mineralised zone only two-three times per section. Additional drilling is strongly recommended and is required to test the orientation, and down dip extension of the mineralisation. The mineralisation at its strongest is 10m wide, over 400m long, and grades between 2.0-5.0g/t Au. A cross section of Lady Lila is displayed in Figure 2. The present gold mineralisation models indicate a steep easterly dip; any future drilling should plan to test a possible vertical dip, as gold

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deposits in the area have been known to steepen at depth (e.g., Bounty and Blue Vein held by Kidman Resources). The current drilling commonly fails to drill deep enough to adequately test the steep easterly dip (some holes even terminate in mineralisation), and are insufficient to judge Lady Lila's prospectivity due to three factors:

- 1) there is well-documented transported cover which masks the top 10-20m of deposits in the area (e.g., Lady Ada), potentially obscuring the along strike continuations;
- 2) a zone of gold depletion which may occur under-representing a good deposit (e.g., Bounty Gold Mine);
- 3) the natural variability of gold distributions in BIF hosted systems from zones of high grade to zones of low grade (depending on proximity to Au fluid fault pathway) may provide discouraging results in some RLs and exceptions results in others (e.g., Bounty, Blue vein).

Lady Lila contains a significant strike extent, high and low-grade intercepts, is broadly drilled and requires additional exploration.

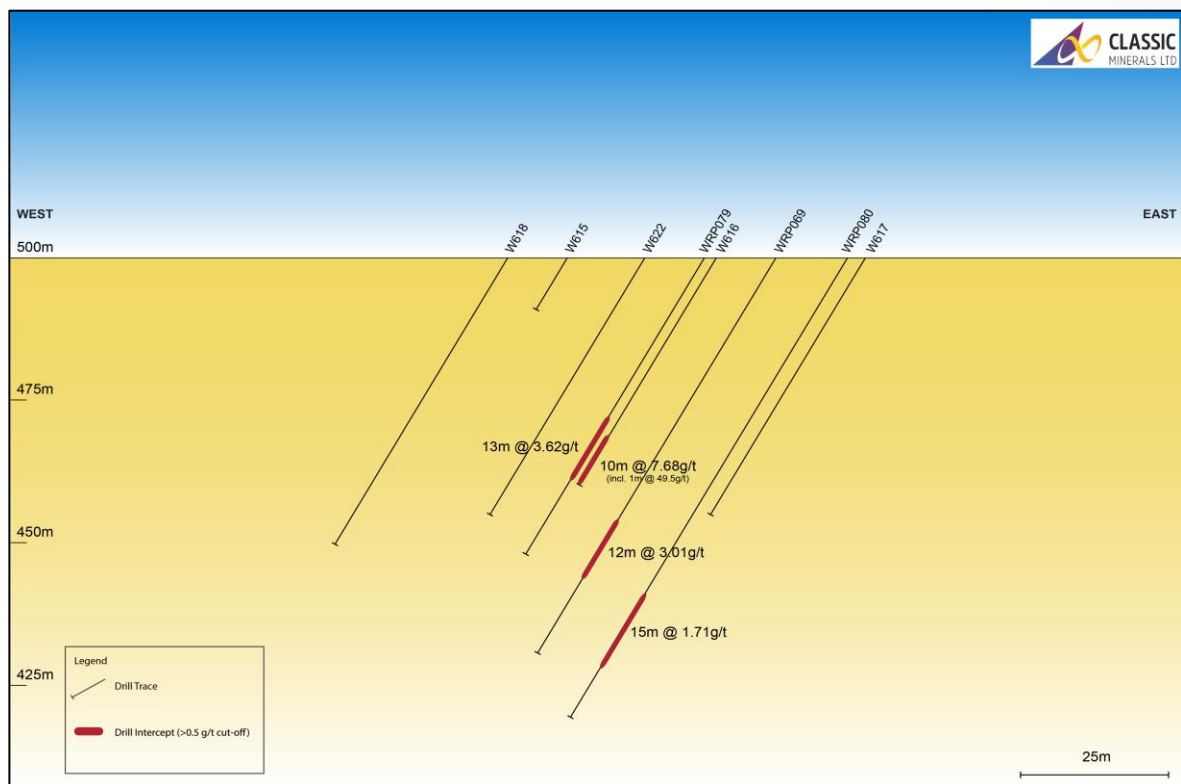


Figure 2 Cross Section Looking North – Lady Lila

4. KAT GAP DRILLING – HIGH GRADE AND UNDEREXPLORED

Drilling has shown that primary gold mineralisation is associated with quartz veining developed in granitic rocks at or close to the western granite-greenstone contact of the Forrestania Greenstone Belt, and extends into the overlying oxidised zone. Drill intersection highlights are provided in Table 1 and examples of old drill sections are given in Figure 3.

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There is potential for additional mineralisation to be identified up-dip and down-dip from existing RC drilling, and along strike to the north and south of existing RC drill coverage. Only about half of the 5 km long >50 ppb Au gold-in-soil anomaly has been tested by RC drilling along the granite/greenstone contact.

RAB coverage has not always been effective. In a report dated 2003, SOG noted that “...Much of the RAB drilling at Kat Gap was ineffective, failing to penetrate far enough into the bedrock to properly test the granite-greenstone contact....There remains good potential for further gold mineralisation on the more than 4km of strike of the granite-greenstone contact.”

There is a further 5 km of strike of prospective granite-greenstone contact west of the Kat Gap zone within E74/467 that has seen little or no exploration.

Table 1 Previous Drill Intersection Highlights – Kat Gap

Drillhole	Drill Type	Northing Local Grid	From (m)	To (m)	Length (m)	g/t Au
KGP024	RC	92500 Incl.	86 87	88 88	2 1	6.40 10.73
FKGP025	RC	92600 Incl.	77 82	85 85	8 3	5.40 9.14
KGP013	RC	92600 Incl.	17 21	23 22	6 1	19.10 62.00
KG0114	RAB	92600	16	20	4	18.40
KGP041	RC	92620	36	39	3	3.10
KGP002	RC	92700 Incl. Incl. and	39 39 39 86	54 49 41 87	15 10 2 1	15.08 21.83 92.60 14.00
KGP015	RC	92700 Incl.	90 91	95 92	5 1	4.18 10.00
KGP046	Diamond	92740 And	87 92	89 95	2 3	5.42 10.22
KGD003	RC	92740 Incl.	116.5 116.5	119.5 117.5	3 1	10.28 25.03

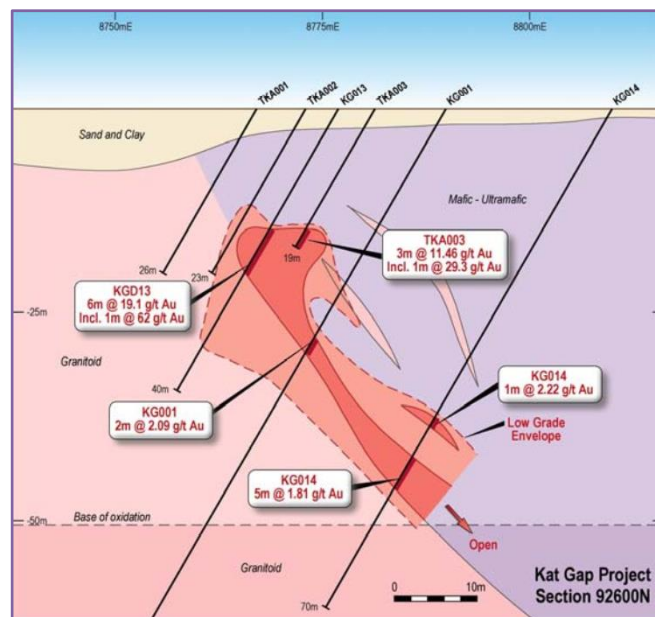


Figure 3 Cross Section Looking North – Kat Gap

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5. VAN UDEN WEST – A BRAND NEW PROSPECT

After extensive field work and review of historic exploration records, the Company has deemed its new target, Van Uden west as being a priority. It is surrounded by historic gold mines Van Uden and Teddy Bear.

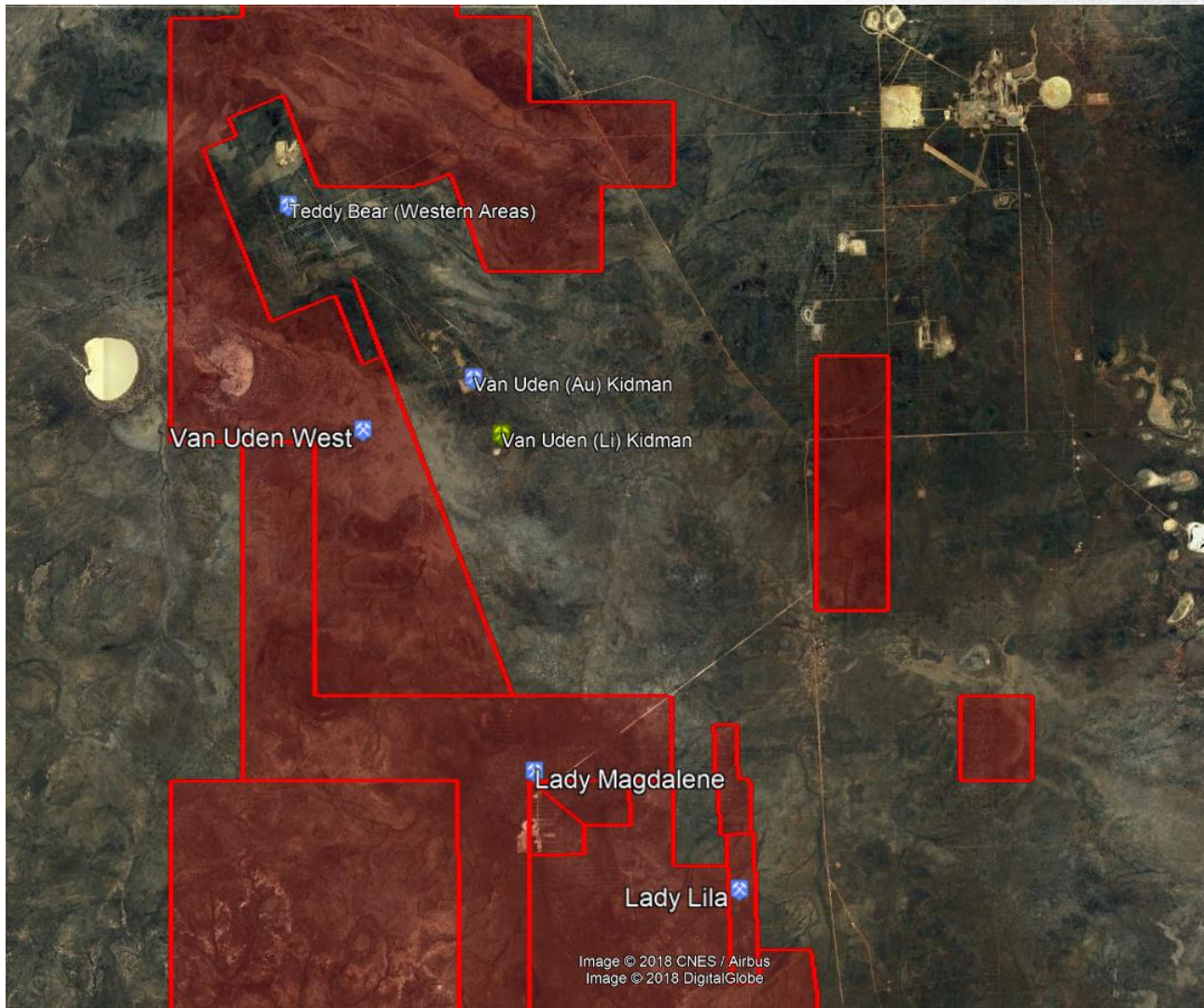


Figure 4 Plan view showing Van Uden West and other Deposits

The geological setting of Van Uden West is similar to Kat Gap but it has transported cover masking the top 10-20 metres of the potential gold mineralisation. Classics decision to test the Van Uden West target is based upon an anomalous air core drill result from the late 1990's. The target has an excellent structural location on the contact between granite and greenstone and it is the belief of the company that the previous shallow, wide spaced air core holes inadequately tested the target.

6. DRILLING AT LADY MAGDALENE – CHASING TRANSFORMATIVE HIGH-GRADE MINERALISATION

Structural readings taken from recent orientated diamond holes MADD003 and MADD004 (see ASX announcement dated 22 March 2018) revealed several quartz veins and narrow shear zones exhibiting similar orientation characteristics to Lady Ada.

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Once the logging and structural work was completed, the core was assayed and returned promising gold intercepts in those zones identified as having similar orientation to Lady Ada. This is a very significant development for the company as the current large, modestly graded Lady Magdalene deposit appears to host high grade cross cutting zones of gold mineralisation which are analogous to the high grade Lady Ada mine.

Classic is now in the process of finalising approvals for a close-spaced RC drilling program to further delineate the dip, plunge and general direction of the high grade structures within Lady Magdalene. The follow up program is designed to confirm the existence of high-grade cross cutting lodes as suggested by relevant orientation data and start to delineate grade, size and extent of the Lady Ada analogue zones within Lady Magdalene. It is expected that the RC drilling will commence in the June quarter.

7. ABOUT THE FORRESTANIA GOLD PROJECT

The FGP Tenements are registered in the name of Reed Exploration Pty Ltd, a wholly owned subsidiary of ASX listed Hannans Ltd (ASX:HNR). Classic has acquired 80% of the gold rights on the FGP Tenements from a third party, whilst Hannans has maintained its 20% interest in the gold rights. Hannans' 20% interest is free-carried, meaning Hannans is not required to fund any activities on the FGP until a decision to mine has been made. For the avoidance of doubt Hannans Ltd owns a 100% interest in non-gold rights on the FGP Tenements including but not limited to nickel, lithium and other metals.

The FGP contains an existing Mineral Resource of 5.3 Mt at 1.39 g/t for 240,000 ounces of gold, classified and reported in accordance with the JORC Code (2012), with a recent Scoping Study (see ASX Announcement released 2nd May 2017) suggesting both the technical and financial viability of the project. The current post-mining Mineral Resource for Lady Ada, Lady Magdalene and Lady Lila is tabulated below.

Additional technical detail on the Mineral Resource estimation is provided, further in the text below and in the JORC Table I as attached to ASX announcements dated 14th March 2017 and 21st March 2017.

Prospect	Indicated			Inferred			Total		
	Tonnes	Grade (Au g/t)	Ounces	Tonnes	Grade (Au g/t)	Ounces Au	Tonnes	Grade (au)	Ounces
Lady Ada	283,500	1.78	16,200	260,000	2.2	18,750	543,500	1.99	34,950
Lady Magdalene	1,828,500	1.08	63,700	2,450,000	1.5	118,000	4,278,500	1.32	181,700
Lady Lila				541,000	1.38	24,000	541,000	1.38	24,000
Sub-Total	2,112,000	1.17	79,900	3,251,000	1.53	160,750	5,363,000	1.39	240,650

Notes:

1. The Mineral Resource is classified in accordance with JORC, 2012 edition
2. The effective date of the mineral resource estimate is 31 December 2016.
3. The mineral resource is contained within FGP tenements
4. Estimates are rounded to reflect the level of confidence in these resources at the present time.
5. The mineral resource is reported at 0.5 g/t Au cut-off grade
6. Depletion of the resource from historic open pit mining has been taken into account

On behalf of the board,



Dean Goodwin
CEO

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Forward Looking Statements

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