

ASX Announcement

12 February 2018

CLASSIC COMMENCES DIAMOND DRILLING TO UNCOVER NEW HIGH-GRADE GOLD SYSTEM AT FORRESTANIA GOLD PROJECT, WA

Highlights:

- Diamond drilling is underway at Classic's Lady Magdalene deposit with the goal of uncovering high-grade mineralisation between existing drill lines
- Phase 2 drilling at Lady Ada has returned additional high-grade results from outside the current Scoping Study pit design – highlighting significant potential to expand current Mineral Resource estimate at FGP (refer to ASX announcement dated 14th March 2017 for mineral resource estimate)
- Drilling to target repetition(s) of Lady Ada within the Lady Magdalene ore body
- Scale of alteration and mineralisation observed in all holes drilled to date is indicative of a large-scale gold system

1. INTRODUCTION

WA-focused gold exploration and development company Classic Minerals Limited (ASX. CLZ) ("Classic", or "the Company") is pleased to advise that it has commenced orientated diamond drilling at the Lady Magdalene deposit as part of the Phase 3 drilling program at the Company's Forrestania Gold Project ("FGP") in Western Australia.

The company believes that there is exciting potential for high grade Lady Ada-esque mineralisation to exist between current drill lines (spaced ~100m apart) at Lady Magdalene which is currently considered a large, modest-graded deposit.

The diamond drill holes will primarily be used for structural data – allowing Classic to accurately determine the orientation of any high-grade zones that have been missed by previous explorers. This methodology was employed by Classic's CEO, Mr Dean Goodwin, when he discovered the high-grade zones at Lady Ada in 1999. Prior to Dean's theory at Lady Ada being tested, it was considered a low-grade deposit like Lady Magdalene is today.

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

Classic is very excited about the commencement of diamond drilling at Lady Magdalene. The Company is focused on drilling the diamond holes at Lady Magdalene with a view of discovering high grade gold lodes similar to what was mined at Lady Ada. Approval has been received from DMIRS, and contractors are on site, to carry out orientated diamond

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drilling within the existing Lady Magdalene resource in an attempt to locate high grade cross-cutting gold lodes similar to the Lady Ada deposit which yielded 95,865 tonnes @ 8.81g/t for 27,146 oz Au. Currently existing drilling at Lady Magdalene is too broad spaced to accurately identify potential high-grade cross-cutting lodes.

CEO Dean Goodwin said:

“In parallel to our regional exploration program we will be looking for high-grade cross-cutting lodes within the Lady Magdalene resource envelope similar to Lady Ada. We found Lady Ada 17 years ago by looking closely at the drilling sections, you could see this high-grade gold lode cutting through from section to section on an angle. It wasn’t running parallel to the main lower grade material. Once we changed the drill orientation, the high-grade zone was instantly apparent and the rest was history. There is very strong evidence to suggest that similar things are happening at Lady Magdalene. There could be multiple Lady Adas hiding within the existing data. Before we looked closely at Lady Ada, both Lady Ada and Lady Magdalene were deemed large low-grade gold resources. It was only after we looked closely at Lady Ada that we saw the high-grade cross cutting lode – I hope to repeat this methodology and discovery at Lady Magdalene.”

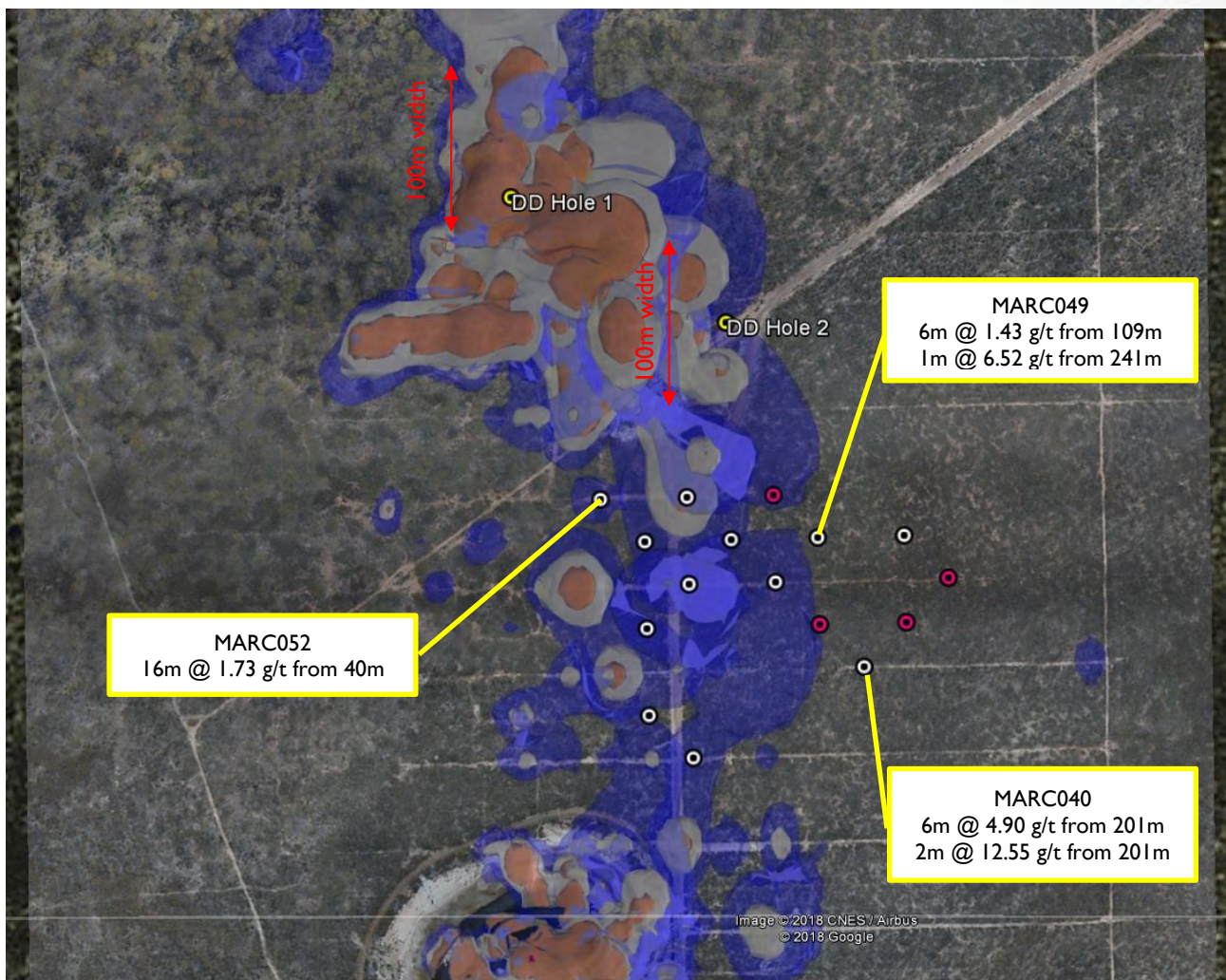


Figure 1: Diamond Holes and Phase 2 Holes at Lady Magdalene Plotted Against the latest implicit model. Space between existing drill lines shown in red. Latest RC results shown in yellow boxes. Holes of interest with pending assay results shown in pink (see announcement dated 8 Feb 2018)

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3. 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 5.9 Mt at 1.25 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



Figure 2: Example of visible gold in rock samples taken from around the Lady Ada deposit (see announcement dated 12 Sept 2017)

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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.

Competent Persons Statement

The information contained in this report that relates to Mineral resources and Exploration Results is based on information compiled by Dean Goodwin, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Goodwin is a consultant exploration geologist with Reliant Resources Pty Ltd and consults to Classic Minerals Ltd. Mr. Goodwin has sufficient experience that is relevant to the style of mineralisation and the type of deposit under consideration, and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Goodwin consents to the inclusion in this report of the matters based on his information in the form and context in which it app