

**31 January 2020**

## DECEMBER 2019 QUARTERLY ACTIVITY REPORT

During the quarter, the Company completed another successful drill campaign at the Forrestania Gold project (“FGP”) in Western Australia which returned consistently high-grade results. These results highlighted significant potential to expand current Mineral Resource estimate at FGP.

The company also completed an updated resource estimate for Lady Magdalene increasing the existing resource by 38% to 5.92 million tonnes grading 1.32g/t for 251,350 ounces of gold.

The Company is looking forward to continuing its developments at the Forrestania Gold Project during the 3<sup>rd</sup> Quarter 2020 and aims to:

- Continue RC drilling at Kat Gap along strike to the north and south from existing Classic drilling along the granite-greenstone contact.
- Continue programs of deeper RC drilling to define the plunge component of shallower high-grade gold mineralisation.
- Complete an updated resource estimate for Lady Ada.
- Commence exploration on priority targets within the FGP.
- Continue to raise capital & pay down debt & liabilities to improve the financial position of the Company.

### I. RC DRILLING AT KAT GAP

During the quarter Classic drilled a total of 21 RC holes for 1,580m and 3 diamond holes for 527.55m at Kat Gap and is pleased to confirm that most holes returned gold mineralisation striking in a northwest-southeast direction. The drilling has now extended the strike coverage to over 500m with mineralisation open in all directions.





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Three diamond holes FKGDD001 – FKGDD003 for a total of 527.55m were also drilled testing beneath shallower high- grade gold mineralisation on the main granite-greenstone contact lode in the vicinity of the cross-cutting Proterozoic dyke. These deeper holes were primarily designed to gather all important lithological and structural data from the core to gain a better understanding of the controls, orientation and location of potential high-grade plunging shoots and to aid in future planning of deeper diamond and RC holes. The holes intersected narrower zones of gold mineralisation which was somewhat expected as the contact zones were steeper dipping than originally thought and shoot control and orientation is yet to be understood. Better results from these holes include:

- 1.2m @ 9.52g/t Au from 136.60m including 0.35m @ 21.60g/t Au from 136.60m in FKGDD002
- 2.60m @ 7.68g/t Au from 142.40m including 0.40m @ 39.20g/t Au from 142.40m in FKGDD002
- 2.53m @ 5.54g/t Au from 174.47m including 0.53m @ 21.60g/t Au from 174.47m in FKGDD003



**Figure 2: Kat Gap RC drilling November 2019.**

The diamond drilling has shown the main granite – greenstone contact was steeper dipping than the shallower high-grade thicker zones of gold mineralization intersected in previous RC drilling by Classic. The flatter dipping contact zones are clearly associated with high grade shoots which the diamond holes have missed. Where the contact is steep the gold lode tends to narrow and weaken in grade. As the contact rolls to a flatter angle both the width and grade of the gold lode generally increases. Further deep drilling is required at sufficient spacings to determine the location of these flatter dipping higher grade contact zones and their potential plunge direction.

Two RC holes FKGRC126 – FKGRC127 for a total of 200m were also completed out in the granite on a single traverse crossing a portion of the large 4.4km long auger soil anomaly located 400-600m west of the main granite-greenstone contact. They were drilled on 40m spacings and orientated in a grid east to west orientation. The holes intersected



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zones of anomalous gold mineralization up to 10m thick within the granite grading from 0.1-0.8g/t associated with zones of minor quartz veining, biotite and albite alteration. The best result was from FKGRC127 which returned 3m @ 1.00g/t from 92m close to the bottom of the hole. Further drilling is required to locate the source of the auger anomaly as the widths and gold grades returned from these first few holes do not explain the size and magnitude of the auger soil anomaly.



Figure 3: Kat Gap RC drilling November 2019.



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### 2. PREVIOUS RC DRILLING AT KAT GAP BY CLASSIC

Classic has completed 7 separate drilling campaigns at Kat Gap prior to the most recent RC drilling program. A total of 127 holes for 9,391m was completed between May 2018 and November 2019 all returning significant high-grade gold intercepts. The majority of the drilling is relatively shallow, down to approximately 60m vertical depth below surface and covered a strike length of the granite – greenstone contact of approximately 400m. The main area of drilling has been focused primarily on and adjacent to both contacts of a cross-cutting Proterozoic dyke where it intersects the main granite-greenstone contact. At this location the gold mineralisation has been significantly enriched. Better results from the first six drilling programs include:

- 8m @ 19.05 g/t Au from 32m including 4m @ 28.80 g/t Au in FKGRC008
- 12m @ 7.52 g/t Au from 39m including 2m @ 20.20 g/t Au in FKGRC006
- 12m @ 5.39 g/t Au from 30m including 1m @ 20.80 g/t Au in FKGRC012
- 10m @ 30.78 g/t Au from 28m including 2m @ 116.10 g/t Au in FKGRC018
- 10m @ 4.18 g/t Au from 26m including 1m @ 15.10 g/t Au in FKGRC022
- 9m @ 8.08 g/t Au from 95m including 1m @ 62.30 g/t Au in FKGRC025
- 3m @ 38.33 g/t Au from 21m including 1m @ 111.00 g/t Au in FKGRC039
- 5m @ 5.61 g/t Au from 6m including 1m @ 12.00 g/t Au in FKGRC040
- 3m @ 14.10 g/t Au from 10m including 1m @ 37.40 g/t Au in FKGRC042
- 3m @ 9.64 g/t Au from 20m including 1m @ 25.10 g/t Au in FKGRC043
- 10m @ 8.17 g/t Au from 7m including 1m @ 66.20 g/t Au in FKGRC059
- 7m @ 24.34 g/t Au from 24m including 1m @ 78.50 g/t Au in FKGRC060
- 9m @ 15.21 g/t Au from 22m including 1m @ 58.30 g/t Au in FKGRC061
- 7m @ 9.55 g/t Au from 89m including 1m @ 42.40 g/t Au in FKGRC063
- 13m @ 4.91 g/t Au from 33m including 1m @ 22.00 g/t Au in FKGRC090
- 8m @ 8.26 g/t Au from 58m including 1m @ 21.80 g/t Au in FKGRC092
- 9m @ 20.94 g/t Au from 123m including 1m @ 125.00 g/t Au in FKGRC095
- 3m @ 20.70 g/t Au from 39m including 1m @ 37.40 g/t Au in FKGRC113
- 6m @ 4.84 g/t Au from 59m including 1m @ 17.50 g/t Au in FKGRC114
- 4m @ 5.85 g/t Au from 18m including 1m @ 13.40 g/t Au in FKGRC120

### 3. FUTURE DRILLING PLANNED FOR KAT GAP

The next few rounds of RC drilling at Kat Gap will focus mainly on testing the main granite – greenstone contact further north and south along strike from the current drilling area. The next RC drilling program will test the northerly and southerly extensions for another 100-200m along strike. RC Drilling will also probe at depth around the existing deeper holes to gain a better understanding of the plunge component to the high-grade ore.

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Aircore and RC drilling programs will also be carried out in the granite to test the large 5 km long geochemical anomaly identified in previous historical auger soil sampling. The initial program will focus around the cross-cutting Proterozoic dyke where high auger values were returned along with a dilational site located in the north-eastern most area of the geochemical anomaly.

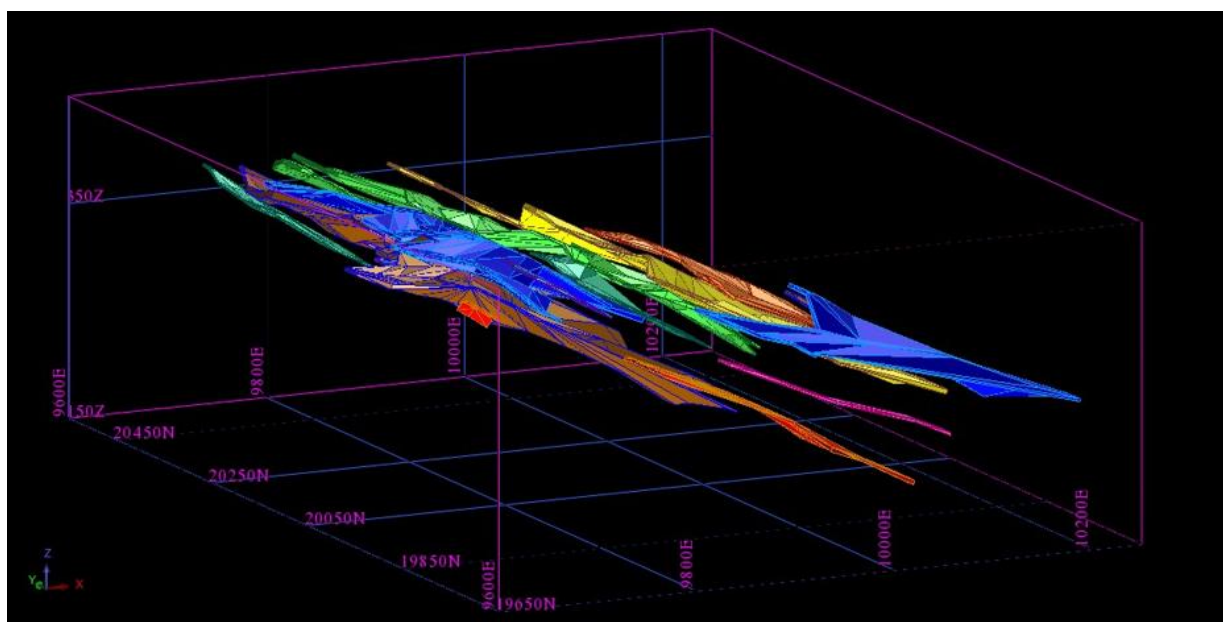
Historical RC drilling at Kat Gap is mostly on 100m – 200m line spacings. There is strong potential for additional mineralisation to be identified up-dip, down-dip and along strike, both outside of and within the existing historical RC drill coverage.

**Classic has planned follow up RC holes with drilling scheduled for early February.**

### 4. RESOURCE ESTIMATE UPDATE LADY MAGDALENE

The company recently completed an update to its Lady Magdalene mineral resource estimate at the Forrestania Gold Project (FGP) in Western Australia which has realised a 38% increase in the contained gold ounces for the deposit to 5.92 million tonnes grading 1.32g/t gold for **251,350 ounces**.

- Updated mineral resource estimate for Lady Magdalene has expanded to 5.92 million tonnes grading 1.32g/t gold for 251,350 contained ounces.
- The new estimate incorporates all the additional drilling completed at the deposit by Classic over the last two years.
- Grows the global mineral resource for the company's 80%-owned Forrestania Gold Project (FGP) to 6.46 million tonnes grading 1.37g/t gold for 286,300 ounces, including remnant Indicated and Inferred mineral resources at the higher-grade Lady Ada deposit.
- The company is currently completing a resource update for Lady Ada, to capture all the recent drilling completed there since 2017.



**Figure 4: 3D oblique view of the Lady Magdalene mineralisation wireframes (looking towards local north northeast) – grid spacing shown is 200mN x 200mE x 200mRL – showing prominent dip of 25° to 35° towards local grid east.**

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Classic holds 80% of the gold rights for the FGP, which also includes a remnant resource of 543,500 tonnes grading 1.99g/t gold for 34,950 ounces at the Lady Ada deposit, centered about 1km south of Lady Magdalene and located in the same geological rock sequences.

With the recent update to the Lady Magdalene mineral resource, the FGP now comprises existing resources of 6.46Mt at 1.37g/t for **286,300 ounces of gold**. Resources are located beneath an existing open pit shell at Lady Ada and the unmined, near-surface deposits at Lady Magdalene.

The project presents an opportunity for near term mining operations and production. The current resources are reported in compliance with the JORC Code (2012) and are estimated with a lower cut-off grade of 0.5g/t gold.

When a higher cut-off is applied (1g/t gold), it is possible to delineate higher-grade pockets of the mineral resources, particularly at Lady Ada, which was previously mined at an average grade of 8.8 g/t gold. Classic continues to focus on delineating these higher-grade zones at both deposits, to potentially generate early cash-flow and support the costs associated with mining, haulage and toll treatment.

As development efforts ramp up, and in addition to engaging reputable 3<sup>rd</sup> party consultants as required, Classic will bolster its team with personnel experienced in gold to ensure the company delivers value from the FGP to its shareholders.

The company is also currently completing an updated mineral resource estimate for the Lady Ada deposit, which will incorporate all new drilling completed there from since 2017.

The current post-mining mineral resource for the FGP, incorporating Lady Ada and Lady Magdalene is tabulated below, with additional technical detail on the updated Lady Magdalene deposit given below and the attached JORC (2012) Table in Appendix 1.

Prospect	Indicated			Inferred		
	Tonnes	Grade (Au g/t)	Ounces Au	Tonnes	Grade (Au g/t)	Ounces Au
Lady Ada	283,500	1.78	16,200	260,000	2.20	18,750
Lady Magdalene	-	-	-	5,922,700	1.32	251,350
<b>Total</b>	<b>283,500</b>	<b>1.78</b>	<b>16,200</b>	<b>6,182,700</b>	<b>1.36</b>	<b>270,100</b>

*Notes:*

- 1. The Mineral Resource is classified in accordance with JORC, 2012 edition*
- 2. The effective date of the mineral resource estimate is 18 December 2019.*
- 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*

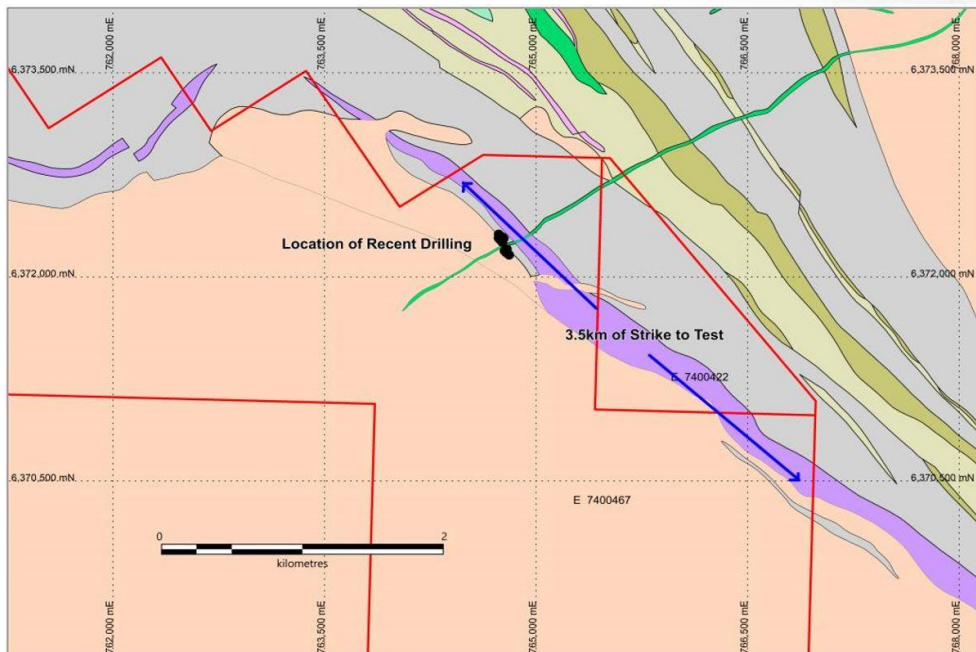


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### 5. ABOUT THE FORRESTANIA GOLD PROJECT

The FGP Tenements (excluding Kat Gap and Lady Lila) 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. For the avoidance of doubt Classic Ltd owns a 100% interest in the gold rights on the Kat Gap Tenements and also non-gold rights including but not limited to nickel, lithium and other metals.



**Figure 5: Kat Gap plan showing strike length to be tested in follow up drilling.**



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The FGP contains an existing Mineral Resource of 6.46 Mt at 1.37 g/t for 286,300 ounces of gold, classified and reported in accordance with the JORC Code (2012), with a Scoping Study completed several years ago (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 and Lady Magdalene is tabulated below.

Additional technical detail on the Mineral Resource estimation is provided, further in the text below and in the JORC Table 1 as attached to ASX announcement dated 18<sup>th</sup> December 2019.

Prospect	Indicated			Inferred			Total		
	Tonnes	Grade (Au g/t)	Ounces Au	Tonnes	Grade (Au g/t)	Ounces Au	Tonnes	Grade (au)	Ounces
Lady Ada	283,500	1.78	16,200	260,000	2.20	18,750	543,500	1.99	34,950
Lady Magdalene				5,922,700	1.32	251,350	5,922,700	1.32	251,350
<b>Total</b>	<b>283,500</b>	<b>1.78</b>	<b>16,200</b>	<b>6,182,700</b>	<b>1.36</b>	<b>270,100</b>	<b>6,466,200</b>	<b>1.37</b>	<b>286,300</b>

Notes:

1. The Mineral Resource is classified in accordance with JORC, 2012 edition
2. The effective date of the mineral resource estimate is 21 January 2020.
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 considered

## 6. CORPORATE

During the quarter ended 31 December 2019, the Company continued to raise funds for working capital via private placements and successfully negotiated with a number of creditors to convert their debt into equity thereby saving much needed cash for its operations.

Mr Klaus Eckhof made a presentation at the precious metals conference – EDELMETALLMESSE- in Munich. The Company was receipt of the refund from the R&D applications submitted, of over \$ 1.3 Million. The company looks forward, with confidence, to continue creating shareholder value.

On Behalf of the Board,



**Dean Goodwin**  
CEO

#### 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.*

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### 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 Australian Institute of Geoscientist (AIG). 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 appears.

Schedule of Mineral Tenements as at 31 December 2019		
TENEMENT	AREA	INTEREST HELD BY CLASSIC 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%



## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

### Name of entity

Classic Minerals Limited

### ABN

77 119 484 016

### Quarter ended ("current quarter")

31 December 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(1,457)	(2,186)
(b) development	-	-
(c) production	-	-
(d) staff costs	(48)	(135)
(e) administration and corporate costs	(453)	(892)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	(10)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	1,315	1,315
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(643)</b>	<b>(1,908)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(211)	(326)
(b) tenements (see item 10)	(15)	(15)
(c) investments	-	-
(d) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(226)</b>	<b>(341)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares & options	1,657	3,283
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	30	41
3.4	Transaction costs related to issues of shares, convertible notes or options	(46)	(96)
3.5	Proceeds from borrowings	500	600
3.6	Repayment of borrowings	(1,024)	(1,176)
3.7	Transaction costs related to loans and borrowings	(19)	(81)
3.8	Dividends paid	-	-
3.9	Other	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>1,098</b>	<b>2,571</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	228	135
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(643)	(1,908)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(226)	(341)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,098	2,571
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>457</b>	<b>457</b>



5. <b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	457	228
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>457</b>	<b>228</b>

6. <b>Payments to directors of the entity and their associates</b>	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	(199)
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

7. <b>Payments to related entities of the entity and their associates</b>	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	5,000	
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

On 19 September 2017, the Company by mutual agreement amended the terms of its Standby Subscription Agreement with Stock Assist Group Pty Ltd. The Facility arrangement has been increased from \$1,000,000 to \$5,000,000. Under the Facility the Investor agrees to subscribe for shares if requested by the Company subject to the terms and conditions of this Facility. There were no drawings under this facility for the quarter ended 31 December 2019.

A bridging loan of \$100,000 was taken on 30 August 2019, this loan was repaid in full on 18 September 2019.

9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Exploration and evaluation	200
9.2 Development	-
9.3 Production	-
9.4 Staff costs	20
9.5 Administration and corporate costs	20
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>240</b>

10. <b>Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	=NIL=			
10.2 Interests in mining tenements and petroleum tenements acquired or increased	=NIL=			



**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here: .....  
Company Secretary

Date: 31 January 2020

Print name: Madhukar Bhalla

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.