

## **ASX Announcement** **March Quarterly Activity Statement**

29<sup>th</sup> April 2016

### **Sale of mining interest at the Doherty's Gold Project**

Classic Minerals Limited ("Classic" or "the Company") is pleased to announce that it has entered into an agreement with Western Australian Perth based private company Accelerated Mining Pty Ltd on the Doherty's Gold Project.

#### **Summary**

Classic Minerals has signed and executed the Sale of Mining Interest Agreement with Accelerated Mining Pty Ltd. By signing this agreement it will give Accelerated Mining the right to explore, mine, process and sell the gold ore from the Doherty's Gold Project M57/619.

#### ***Terms outlined in the Agreement;***

- *Classic will receive a total consideration of \$4 million cash (GST inclusive), tranche 1 being \$500,000 on signing and followed by a second tranche of \$3.5 million on or before 23<sup>rd</sup> June 2016;*
- *Classic will retain a net smelter royalty of 7.5% on ore mined by Accelerated Mining;*
- *Classic will retain 100% ownership of the tenement M57/619;*
- *Accelerated Mining will provide and assist Classic with the appropriate information to meet the reporting obligations under the Mining Act 1978 (WA);*
- *Accelerated Mining Pty Ltd will be responsible to maintain commitments on all Rents, Expenditure and Rehabilitation as per the agreement and requirements of the Western Australian Department of Mines and Petroleum;*
- *Classic will pay an agreed commercial introductory fee of 7.5% of the total consideration on settlement, and will also pass on 2.5% of the retained net smelter royalty to the introductory party;*
- *Classic will issue 26 million shares (subject to shareholder approval), to the introductory party.*

## **ASX Announcement**

29<sup>th</sup> April 2016

Managing Director Justin Douch said “...it’s an exciting time for both Classic Minerals and Accelerated Mining. The gold market is presently stimulated and with the Doherty’s project being a very high grade historical mine, it is a great time to head into gold mining...”

“The management at Accelerated Mining has shown us that they have the experience and capabilities to take the Doherty’s Gold Project into production. We understand that works on the project are scheduled to start immediately...”

Mr Douch continued on by saying”...that on the conclusion of this transaction, Classic will be in a cash strong position and this will see the company virtually debt free. This transaction is of strategic importance to our company and the Fraser Range still has our attention...”

The Board of Accelerated Mining stated “...It is excited with its strategic acquisition of the Doherty’s Gold Project and looks forward to developing a beneficial relationship with Classic Minerals for the benefit of both companies’ shareholders...”

### ***Fraser Range Update***

The Company has reviewed the first stage of the MLEM survey which was undertaken by Merlin Geophysical Solutions Pty Ltd, over the North and South areas of the Company’s 100% owned Flagship Fraser Range Nickel-Copper project E28/1904. The latest report which was interpreted by Newexco has indicated anomalous responses in the vicinity of the southern “Eye” feature (Refer to Figure 1). Further FLEM surveys are recommended to be undertaken over the anomalous responses (North and South) of the project which will provide Classic with further information and once reviewed the company will consider following up with drill testing if warranted.

Comments from the Newexco Report suggested that further DHEM surveys of FRRC028 (central to the eye-like feature) may be justified using additional transmitter loops as this hole is geologically well located towards the centre of the eye-like feature. Alternative loop positions will change the primary field coupling thereby increasing the search radius and effectiveness of surveys around the hole. A moderately well-defined mid-time anomalous response was identified on the south-eastern end of Line 298000 approximately coincident with the conductive corridor. Decay curve analysis indicates a time-constant of 2 ms with an adequate fit to an exponential. The response is on the shoulder of the formational conductive sediment: labelled Anomaly 8 from the VTEM interpretation in Figure 1.

Modelling shows an adequate fit can be achieved to a moderately northwest dipping plate with a conductance of 100 S. This is more than an order of magnitude less than the conductance of either Mammoth or Alpha as measured from the DHEM. The depth-to-top is measured at approximately 130 m although this is not well constrained. A similar fit may be achieved by a southeast (probably should be southeast if it is opposite of northwest dipping (opposite direction) plate which illustrates the current poor constraints on the geometry of the interpreted conductor. Before drill testing of the anomaly is considered a FLEM survey should be undertaken in order to improve the constraints on the model and the location of possible bedrock conductor(s).

## ASX Announcement

29<sup>th</sup> April 2016

Managing Director Justin Douth said “it’s still early days but it’s an exciting phase for us. This report has given Classic another boost of confidence by having anomalous responses in the vicinity of what may be a large intrusion in and around our “Eye” feature. This will need additional geophysical definition work to be completed before we consider drill testing the responses. We understand that the Nova Nickel-Copper deposit took several years to be identified using similar techniques. Remember, Nova was discovered on the flanks of a large intrusion (“Eye” Feature), we know our ground is mineralised with the right mineral properties and have the right team on it to identify what could be the next major Nickel-Copper discovery in the Fraser Range.”

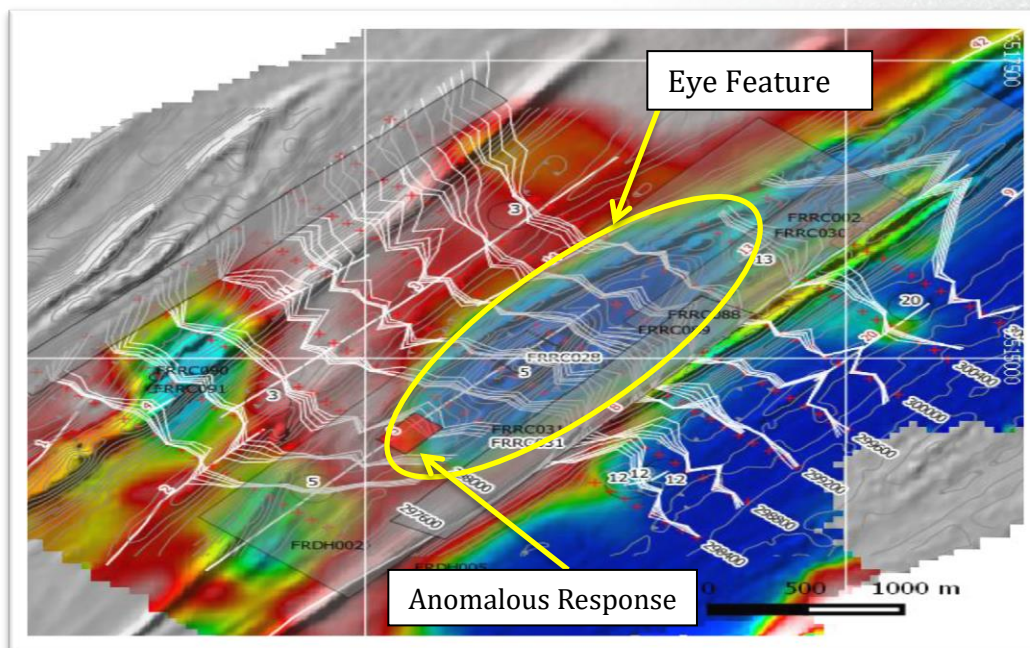


Figure 1: FR-Sth MLEM mid-time profiles, channels 20-25 (7 – 20 ms). Overlaid on VTEM Bz Ch45 colour with RTP1VD relief (NW). VTEM anomalies (numbered white lines) targeted by MLEM are highlighted by black circles.

## ASX Announcement

29<sup>th</sup> April 2016

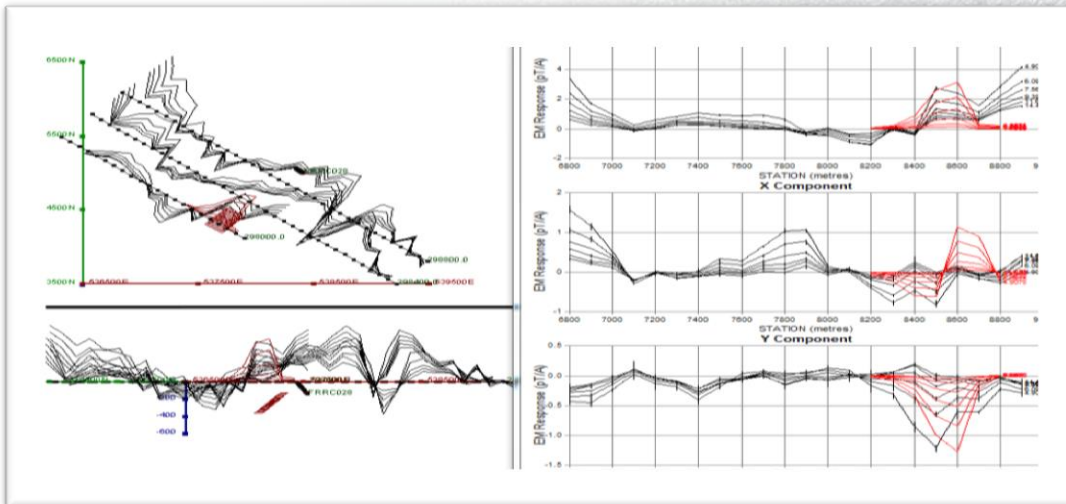


Figure 2: MLEM Line 298000 anomalous response, modelling of channels 19 to 24 (5 – 15 ms). Black and red profiles represent field and modelled response respectively.

Justin Douch  
On Behalf of Classic Minerals Board

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