

ASX Announcement

29 August 2018

RC DRILLING UPDATE AT FORRESTANIA GOLD PROJECT, WA

Highlights:

- Kat Gap drill campaign successfully completed
- Drilling campaign at Kat Gap was expanded by 50% from 12 holes to 18 holes
- Multiple mineralised zones intersected with visible gold in panning dish
- Strong mineralisation observed in deeper down dip extension holes
- Step out RC holes to further test the newly-discovered granite-hosted gold mineralisation
- Rig now onsite at Lady Lila and then Lady Magdalene
- First assay results expected in 3 weeks

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 completed its latest drilling campaign at its Kat Gap project which is part of the Forrestania Gold Project (FGP) in Western Australia.

In this round of drilling at Kat Gap, the Company increased its planned drill holes from 12 to 18 based upon multiple instances of promising mineralised zones and visible gold in a number of drill samples.

Previous drilling results from Kat Gap confirms the discovery of a significant new zone of gold mineralisation within the granite which was previously thought to be barren. Drilling at Kat Gap also showed that high-grade gold mineralisation has effectively dammed up against a cross-cutting Proterozoic dyke (see ASX announcement dated 24 July 2018).

Drilling is now underway at Lady Lila (5 holes testing mineralisation down dip and along strike) and Lady Magdalene (12 holes tracking high-grade quartz hosted gold confirmed in the last drill campaign).

Classic CEO Dean Goodwin said:

The Forrestania Gold Project continues to deliver fantastic results for Classic and its shareholders. We encountered high grade zones of mineralisation at each of the drill targets which all remain open along strike with high priority zones requiring urgent follow up. Kat Gap is shaping up to become a prolific shallow high-grade gold deposit with so much

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remaining upside potential. We have only tested >200m of 3.5km of potential strike along this granite-greenstone contact and received excellent gold grades from 11 of the 12 holes previously drilled.

During this programme, after recognising encouraging mineralisation in the drill samples, I decided to increase the number of drill holes from 12 to 18 with the goal of extending the mineralised zone at the granite/greenstone contact.

We also decided that further drill testing into the granite, which in our previous campaign, yielded surprising high-grade gold intervals, to gain further understanding of the mineralisation in this zone. Hole FKGR034 was located 150m "in" the granite, away from the main mineralised contact zone.

These new results bode well for the whole Forrestania project given that the main granite-greenstone contact, of which we have 40 km of strike, has been largely overlooked. I'm quite confident that new, high-priority gold targets will come to light elsewhere within the project area.

2. KAT GAP DRILLING – MULTIPLE HIGH-GRADE GOLD LODES

Classic drilled 18 holes for ~1,600m at Kat Gap and is pleased to confirm that holes returned promising mineralisation striking in a north-south direction. The drilling was extending the 140m strike zone and testing the extent of the granite mineralisation.

The majority of the drilling was focused on testing the main granite-greenstone contact which has been the sole focus of drilling since the prospect was discovered by previous holders. A few holes were also drilled up against the cross-cutting Proterozoic dyke where high-grade gold mineralisation is believed to have concentrated. This targeting was largely based on the success of the previous drill campaign where CLZ saw highlights such as the following: **8m @ 19.05 g/t Au from 32m including 4m @ 28.80 g/t Au from 32m in FKGR008; 12m @ 7.52 g/t Au from 39m including 2m @ 20.20 g/t Au from 48m in FKGR006; 12m @ 5.39 g/t Au from 30m including 1m @ 20.80 g/t Au from 30m in FKGR012 and 4m @ 9.53 g/t Au from 70m including 1m @ 26.60 g/t Au from 72m in FKGR014.**

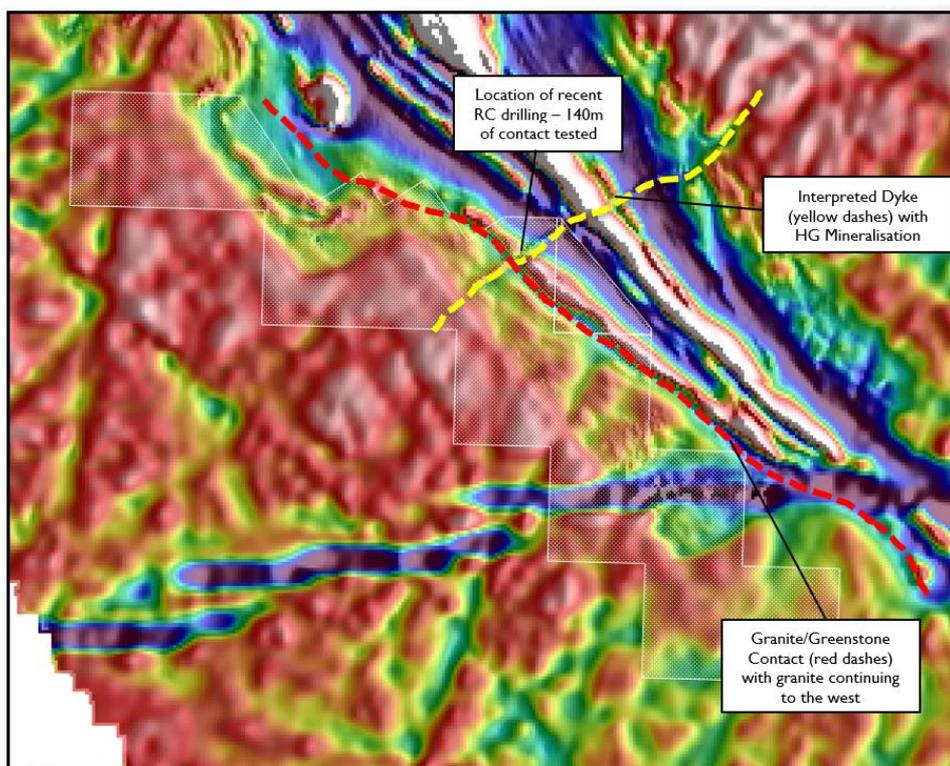


Figure 1: Kat Gap plan view showing Eshade Aeromag Survey with the Dyke and Granite/Greenstone Contact shown

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It should be noted that a number of holes in the current campaign were drilled relatively close to the Proterozoic dyke to confirm and extend CEO Dean Goodwin's theory that gold is concentrated up against the dyke. With the promising mineralisation returned from these holes, Classic will continue to track mineralisation against the dyke and follow it down plunge. It is currently believed that two high grade gold shoots exist either side of the Proterozoic dyke contact. The strike and down-plunge extent of these shoots is currently but will be better understood after assays are returned.

In addition, further step out drilling into the granite has been undertaken as part of this campaign to help determine the extent, style, grade of mineralisation hosted in the granite. One hole stepped out 150m from the contact zone into the granite. Assay results are pending.

The decision to continue to investigate the granite mineralisation was based upon the previous drilling results (as reported in ASX announcement dated 24 July 2018) Holes FKGR010 – FKGR012 (inclusive) all drilled into a **newly discovered footwall lode** located approximately 30m west of the main granite-greenstone contact lode hosted within the granite. Better results from these holes included: **8m @ 7.14 g/t Au from 82m including 1m @ 21.10 g/t Au from 82m in FKGR010; 4m @ 7.44 g/t Au from 92m in FKGR011 and 3m @ 10.70 g/t Au from 69m including 1m @ 23.10 g/t Au from 69m in FKGR012.** This new position is totally open along strike and down dip. Previous explorers in the area have assumed that the granite surrounding deposits/prospects is barren. The discovery of granite-hosted gold at Kat Gap is significant as the same geological setting may be repeated elsewhere throughout Classic's significant >500km² landholding. Classic will continue to track this unexpected high-grade granite-hosted gold mineralisation in its upcoming drill program at Kat Gap and elsewhere throughout the project area.

Historical RC drilling is currently 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 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.

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

Classic has already planned follow up drill holes at Kat Gap to be commenced in September and has mobilised the drill rig to Lady Lila and Lady Magdalene for the remainder of this current campaign so there should be steady news flow for the coming weeks/months.



Figure 2: Kat Gap plan view showing strike length to be tested in follow up drilling

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3. 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 non-gold rights on the Kat Gap and Lady Lila 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

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 appears.