

17 October 2022

ASX Announcement

Agreement for Toll Milling Progresses Kat Gap to Production

- **Toll treatment agreement for Kat Gap gold ore achieved with nearby gold processor**
- **Builds on September 2022 \$ 10 million agreement with Goldvalley to mine ore**
- **Final stages of processing approvals**
- **Toll milling option provides a processing solution while Classic waits for final approvals to use its Gekko plant.**

Classic Minerals Limited (Classic or the Company) (ASX: CLZ) is pleased to announce that it has entered into a non-binding Memorandum of Understanding (MoU) with Barto Gold Mining Pty Ltd (**Barto**). Barto is the owner of the Southern Cross Gold Operation centred around Marvel Loch located 30 km south of Southern Cross. The milling operation is managed by Minjar Gold Pty Ltd since Barto acquired the plant in 2017. **The plant is capable of processing 1 Mtpa with all the associated infrastructure in place for a successful gold production operation.**

The MOU between Classic and Barto to toll treat gold ore extracted from the 100% Classic-owned Kat Gap gold project comes close on the heels of Classic's deal with Goldvalley Brown Stone Pty Ltd (**Goldvalley**), whereby **Goldvalley will provide up to \$10 million in non-recourse funding** for the extraction and processing of Kat Gap ore (see ASX announcement 9 September 2022). The Barto MoU brings Classic one step closer to signing a formal agreement with Goldvalley.

Classic and Goldvalley have been working towards the finalisation of the mining and logistics required for the mining of Kat Gap ore to extract up to 50,000 oz from the deposit. The time taken now in the development of an optimal mining process will ensure that costs are kept low and manageable.

Classic and Goldvalley will share the **net profits from gold production 70% to Classic** and 30% to Goldvalley.

The toll treatment of ore and the proposed profit share arrangement continues Classic's low-cost approach to attaining gold production whilst keeping ownership and providing certainty for the project.

Chairman John Lester said: "The Company is excited to move forward and is determined to keep costs down whilst not seeing ownership of the project diminished. **"We are working closely with Goldvalley and the toll processing deal with Barto moves us closer to production."**



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Commenting, Yuzheng Xie, managing director of Goldvalley said:

“The Barto toll treatment option leaves only the Due Diligence left to achieve in the Conditions Precedent for the Classic/Goldvalley deal. We are working well with Classic, and we look forward to working with Barto and welcome them into the Kat Gap project. **Classic has carefully developed a very worthy gold project and coupled with Goldvalley’s expertise in mining and marketing, Barto’s toll treatment experience, the project now has almost all the boxes ticked to bring it to fruition.**”

About the Gold Valley group of companies

Gold Valley group companies have entered into a number of iron ore mining agreements during the last year including acquiring an interest in mining service company Pilbara Resource Group, thus demonstrating its capacity and capabilities in mining, transport and production.

About Barto Gold Mining Pty Ltd

Barto is the owner of the Southern Cross Gold Operation centred around Marvel Loch is strategically located 30 km south of Southern Cross and ~120 km from Kat Gap. The milling operation is managed by Minjar Gold Pty Ltd and is capable of processing 1 Mtpa and has all the associated infrastructure in place for a successful gold production operation.

About Classic Minerals Ltd

Expanding its focus from exploration to mining, West Australian-based, minerals house Classic Minerals Ltd holds a pipeline of projects and continues to examine new opportunities both cyclic and counter-cyclic. Currently, ASX-listed Classic holds approximately 578 km² of tenements across two major regional exploration areas in minerals-rich West Australia. Classic’s ground is in areas with identified high grade gold and base metal targets. Classic’s flagship **Kat Gap Gold Project** has been the recent focus of its exploration effort and is strategically located some 170 km south of Southern Cross and also some 50 km south of the Company’s Forresteria Gold Project. With strong grades and near-surface mineralisation there is now the option to fast track Kat Gap to early production. The Company is moving to generate an early revenue stream by entering into mining and processing arrangements with Goldvalley.

About the Forrestania Gold Project

The FGP Tenements (excluding Kat Gap) 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 and other metals.

Classic has a Global Mineral Resource of 8.24 Mt at 1.52 g/t for 403,906 ounces of gold, classified and reported in accordance with the JORC Code (2012), with a 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 Kat Gap 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 announcements dated 18th December 2019, 21st January 2020, and 20 April 2020.

Prospect	Indicated			Inferred			Total		
	Tonnes	Grade (Au g/t)	Ounces Au	Tonnes	Grade (Au g/t)	Ounces Au	Tonnes	Grade (au)	Ounces
Lady Ada	257,300	2.01	16,600	1,090,800	1.23	43,100	1,348,100	1.38	59,700
Lady Magdalene				5,922,700	1.32	251,350	5,922,700	1.32	251,350
Kat Gap				975,722	2.96	92,856	975,722	2.96	92,856
Total	257,300	2.01	16,600	7,989,222	1.50	387,306	8,246,522	1.52	403,906

Notes:

1. The Mineral Resource is classified in accordance with JORC, 2012 edition
2. The effective date of the mineral resource estimate is 20 April 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

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.

This announcement has been authorised by the Board.

ENDS:

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