

09 September 2022

ASX Announcement

Classic secures \$10 million to take Kat Gap to production

Classic Minerals Limited (**Classic** or the **Company**) (ASX: CLZ) is pleased to announce that it has entered into a binding terms sheet with Goldvalley Brown Stone Pty Ltd (**Goldvalley**), pursuant to which Goldvalley, a member of the Gold Valley group of companies, will provide funding for Classic's 100% owned Kat Gap gold project (**Terms Sheet**).

Key terms

The key terms of the Terms Sheet are as follows:

1. Classic will supply Kat Gap ore containing its current ~90,000 oz mineral resource (see CLZ announcement dated 20 April 2020 and confirmation below).
2. Goldvalley will provide up to **\$10 million in non-recourse funding** for the extraction and processing of Kat Gap ore.
3. The parties will share the net profits from gold production (i.e. revenues less cost of production) on the basis of:
 - (a) **Classic – 70%**; and
 - (b) Goldvalley – 30%.
4. The Terms Sheet is conditional on:
 - (a) completion of satisfactory due diligence;
 - (b) Goldvalley having entered into a binding agreement with the owner of a registered gold mill to toll-treat ore from Kat Gap, details of which will be announced to the market on execution of the agreement;
 - (c) Classic obtaining any statutory approvals required; and
 - (d) the parties entering into a formal financing agreement (**Financing Agreement**) within 120 days of signing the Terms Sheet.

Either party may terminate the Terms Sheet in the event that its due diligence investigations are not satisfactory or if the Financing Agreement has not been executed within 120 days.

Confirmation

Full details of the Kat Gap gold project Mineral Resource estimate are provided in the Company's ASX announcement dated 20 April 2020 and entitled "93,000 oz Inferred Mineral Resource at Kat Gap". The Company confirms that it is not aware of any new information or data that materially affects the information included in that original market announcement and the Company confirms that all material assumptions and technical parameters underpinning the mineral resource estimates in that market announcement continue to apply and have not materially changed.

Funding arrangements

Goldvalley has agreed to **provide funding for the extraction and processing of ore in sequential parcels of 100,000 tonnes**, with the revenues generated from processing being available to fund each following parcel. The initial funding will be provided over a 12-month period and the orebody will be mined under this arrangement until a **production cap of 500,000 tonnes (with a minimum average grade of 2.85 g/t) has been mined and processed**. The funding will be provided by Goldvalley, and sourced from its other business operations, in a manageable and orderly manner. Classic's due diligence and detailed discussions with Goldvalley have confirmed that this arrangement will be one where both parties can meet their commitments. The Board considers that Goldvalley, being part of the Gold Valley group of companies which has a number of successful businesses, has the demonstrated capacity to meet its funding obligations. Classic notes that the funding is unsecured and non-recourse to the extent that Goldvalley's funding can only be repaid out of revenues derived from processing Kat Gap ore.

Classic anticipates that the mining and processing operations contemplated under the Terms Sheet will be completed by mid-2024.

Statutory approvals

On 20 July 2022, the Company lodged its Project Management Plan with DMIRS. Approval of the plan, which is expected imminently, will allow for the commencement of mining operations at Kat Gap to be undertaken by contractors engaged and managed by Classic following execution of the Financing Agreement.

Classic Chairman John Lester commented: "The Kat Gap project has reached an exciting stage with a **clear path to mining and processing of gold** now laid out, which will bring benefits to shareholders." He said: "We have **begun the transition from Explorer to Producer** and Shareholder patience will be rewarded". Mr Lester emphasised that with Goldvalley as a partner, funding the extraction and processing of ore, Classic is provided with a low capital way forward whilst retaining a solid proportion of the profits and avoiding dilution. He said it has always been the Company's strategy to retain control of the project and **ensure greatest shareholder benefits**.

“Classic’s development finance strategy is to reach earliest possible production at a low Capex whilst minimising dilution and maximising shareholder value,” he said. “This pathway provides revenue generation while final approvals for Classic’s Gekko modular and scaleable gold processing plant is awaited,” Mr Lester said.

Commenting, Yuzheng Xie, managing director of Goldvalley said:

“I look forward to working with Classic in an exciting West Australian gold project. The agreement with Classic fosters the advancement of an exciting project in progressing from the exploration phase through to mining and processing. Classic has carefully developed a very worthy gold project and coupled with Goldvalley’s expertise in mining and marketing, the project now has the attributes to bring it to fruition.

We have the demonstrated competencies to move Kat Gap forward and look to getting on with the job.”

Figure 1: Kat Gap Bulk Sample Pit ready for next stage mining.



About the Gold Valley group of companies

Gold Valley group companies have last month entered into a \$35m (excluding royalties) iron ore mining agreement with GWR Group and for the last year been an active miner at the JWD deposit near Wiluna (part of the high grade 130 Mt Wiluna West Iron Ore Project), thus demonstrating its mining, marketing and logistics competencies. The logistics of mining and moving a bulk commodity such as iron ore over long distances certainly shows core competencies in mining, transport and production.

About Goldvalley Brown Stone Pty Ltd

West Perth-based Goldvalley, is a member of the Gold Valley group of companies which is a multi-sector conglomerate consisting of interests in mining, agriculture (vineyards) and energy. Currently engaged in various mining operations, the group has the skills and experience to add significant competencies to the Kat Gap project. Gold Valley companies are supported by an experienced executive team and is chaired by Mr Yuzheng Xie. www.goldvalley.com.au

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 Forrestania 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.

Figure 2: Gold Ore at Kat Gap.



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 I 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:

Contact

Madhukar Bhalla
 Company Secretary

David Utting Corporate
 0416 187 462