

## ASX Announcement

ASX: CLZ ACN 119 484 016

28 April 2017

# MARCH 2017 QUARTERLY ACTIVITY REPORT

### Highlights

- Classic acquires 216k oz Gold project in the renown Forrestania Area (FGP)
- Additional acquisition grows Au resource to 240k ounces
- Doherty's Gold Project Transaction brings \$1M cash
- Initial Scoping Study Undertaken at Lady Ada and Lady Magdalene

Classic Minerals Limited (Classic or the Company) provides the following update to shareholders in respect to the Company's activities for the March 2017 quarter.

On the 14th March 2017 the Company announced that it had signed an agreement in respect to acquiring 80% of the gold rights over certain tenements in the Forrestania region, referred to as the Forrestania Gold Project (FGP). The FGP Tenements 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 (refer below), whilst Hannans has maintained its 20% interest in the gold rights. Hannans' 20% interest is free-carried, meaning Hannans is not required to fund any activities on the FGP until a decision to mine has been made.

The FGP consists of existing Resources of 4.82Mt at 1.39g/t for 240,000oz of gold. Resources are located beneath an existing open pit and un-mined, near-surface deposits. The project presents an opportunity for near term mining operations and production. The current Resources, reported in compliance with the JORC Code (2012), are estimated with a lower cut-off grade of 0.5g/t Au. When a higher cut-off is applied (1 g/t), it is possible to delineate high grade pockets of Resources, particularly at Lady Ada, which was previously mined at an average grade of 8.8 g/t.

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. As part of its due diligence process, Classic engaged Auralia Mining Consultants ("Auralia") to undertake a review of the Mineral Resource and related technical data. Auralia was commissioned to complete a Scoping Study on the FGP. Detailed financial results of the Scoping Study are expected to be announced in the coming week.

Classic's Managing Director, Mr Justin Douch, stated:

*We have had a transformative 3<sup>rd</sup> quarter: the FGP acquisitions have brought new opportunities and new life to the Company. Straight out of the gate we commenced work such as the FGP Scoping Study (results due imminently) and exploration targeting work. We expect the outcomes of the aforementioned will deliver great value to shareholders – we are confident that the FGP presents an economically viable project with huge exploration upside. It is underexplored and ripe for development and expansion. Along the way, we have forged great relationships with top-tier technical service providers and others in the mining space, including new JV partners with whom we are working to put together a development plan for the FGP. We have an exciting quarter ahead of us as we start drilling and commence detailed feasibility work. We are grateful for the shareholder and market support over the quarter and look forward to delivering more good results.*



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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	2.2	18,750
Lady Magdalene	1,828,500	1.08	63,700	2,450,000	1.5	118,000
Lady Lila	-	-	-	541,000	1.38	24,000
<b>Total</b>	<b>2,112,000</b>	<b>1.17</b>	<b>79,900</b>	<b>3,251,000</b>	<b>1.53</b>	<b>160,750</b>

**Notes:**

1. The Mineral Resource is classified in accordance with JORC, 2012 edition
2. The effective date of the mineral resource estimate is 31 December 2016.
3. The mineral resource is contained within FGP and Lady Lila 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

(Refer to CLZ announcements dated 14<sup>th</sup> March 2017 and 21<sup>st</sup> March 2017 for full disclosure relating to JORC 2012 table 1)

## Next Steps for Classic at FGP

The immediate focus for the FGP is to undertake exploration and drilling programs, to increase confidence in the existing models, and to expand the Mineral Resources by unlocking the significant upside potential of the known Lady Magdalene and Lady Ada deposits, which are both open at depth. Other regional gold targets, generated through review and reinterpretation of existing mag data and auger/soil sampling data will also be tested. This work is scheduled to commence shortly and is aimed at delivering an updated Mineral Resource in Q1 2018.

The updated Mineral Resource is planned to feed into a Pre-Feasibility Study which will be commenced shortly and is due to be completed in H2 2018. The Pre-Feasibility Study will aim to establish Mineral Reserves, classified and reported in compliance with the JORC Code (2012), and optimise the mining schedule, production rate and process flow sheet while reducing capital and operating costs. It will also go into greater detail in respect of processing options and costs and environmental factors.

(Refer to the Company's announcement dated 20<sup>th</sup> March 2017 – Forrestania scoping study)

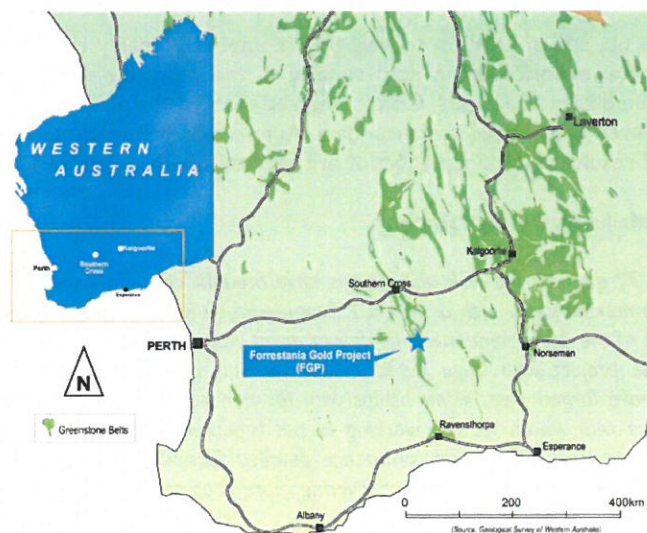


Figure 1: FGP Location



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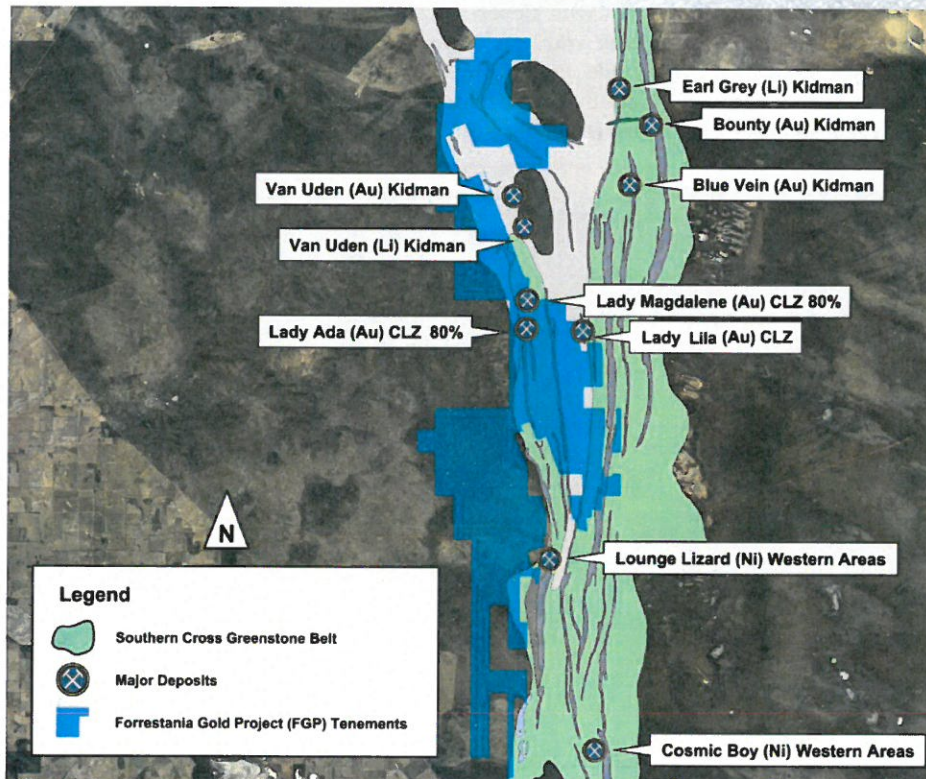


Figure 2: FGP and other Major Deposits

## Planned Exploration

Classic identified several high priority drill targets at Lady Ada and Lady Magdalena during the quarter at FGP (and subsequently lodged a POW with the DMP to drill test these – see announcement dated 11 April 2017).

The mineralisation at Lady Ada is hosted within the Sapphire Shear, which presents as two zones of stacked shallow dipping faults. The grades within the shear are variable (typical of shear hosted systems) and present commonly as intervals of 2-3 m, with average grades frequently ranging up to 5.0-15.0 g/t Au. Figure 3 and Figure 4 show high-grade intercepts that have not been closed off at depth. The main (eastern) high-grade part of the Mineral Resource is 55 m wide with a down-dip length of 230 m; the second (western) high-grade part of the Mineral Resource is approximately 35 m wide with a down-dip length of 170 m. The Mineral Resource was first reported in the ASX announcement from 9 March 2017). Classic's drilling at Lady Ada will be to further investigate the extents of the high-grade zones.

Gold mineralisation at Lady Magdalena is hosted within a sheared mafic suite. The mineralisation is over a kilometre long, is generally drilled to a down-dip length of 200-300 m (150 m vertical depth), and is generally 10 m thick (true thickness) with a grade range between 1.0 and 5.0 g/t Au. The area was the subject of RC/Diamond drilling, heap- and dump-leaching metallurgical column test work completed by Forrestania Gold NL (LionOre subsidiary) in mid- to late 1999. The gold mineralisation strikes over 500 m north-south and is hosted within the Wattle Rocks Dolerite unit (like Lady Ada), but differs in having multiple, wide (up to 20 m true width), subparallel low-grade shear zones instead of one major, narrow, high-grade shear (the Sapphire Shear) like Lady Ada.







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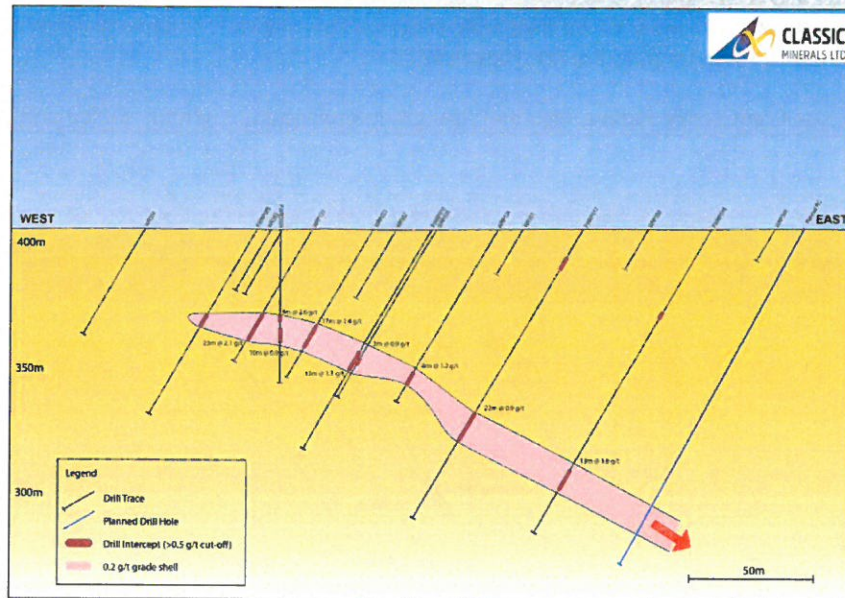


Figure 5: Lady Magdalene (formerly Red Haze) cross section looking north showing CLZ proposed drill holes

## **Classic Grows JORC Resource at FGP to 240,000 oz Au through acquisition**

During the quarter the Company was pleased to announce that it had signed an agreement in respect to acquiring 100% of two tenements in the Forrestania region, which are contiguous to Classic's Forrestania Gold Project (FGP).

The tenements host the "Lady Lila" (formerly Violet Haze) gold deposit which has a Mineral Resource of 541kt @ 1.38g/t for 24,000 oz Au, reported and classified in accordance with JORC (2012).

Classic has acquired 100% of the interest in the Lady Lila Tenements. For the avoidance of doubt Classic Minerals Ltd is acquiring a 100% interest in gold and non-gold rights on the Lady Lila Tenements including but not limited to nickel, lithium and other metals.

Lady Lila is situated 4km east of Lady Ada and is hosted by a chert/banded iron formation within the younger metasedimentary central zone. The previous drilling is shallow (approx. 50m depth testing) and generally intercepts the mineralised zone only two-three times per section. Additional drilling is strongly recommended and is required to test the orientation, and down dip extension of the mineralisation. The mineralisation at its strongest is 10m wide, over 400m long, and grades between 2.0-5.0g/t Au. A cross section of Lady Lila is displayed in Figure 6. The present gold mineralisation models indicate a steep easterly dip; the any future drilling should plan to test a possible vertical dip, as gold deposits in the area have been known to steepen at depth (e.g., Blue Vein held by Kidman Resources). The current drilling commonly fails to drill deep enough to adequately test the steep easterly dip (some holes even terminate in mineralisation), and are insufficient to judge Lady Lila's prospectivity due to three factors:

- 1) there is well-documented transported cover which masks the top 10-20m of deposits in the area (e.g., Lady Ada), potentially obscuring the along strike continuations;
- 2) a zone of gold depletion which may occur under-representing a good deposit (e.g., Bounty Gold Mine);



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- 3) the natural variability of gold distributions in BIF hosted systems from zones of high grade to zones of low grade (depending on proximity to Au fluid fault pathway) may provide discouraging results in some RLs and exceptions results in others (e.g., Bounty, Blue vein).

Lady Lila contains a significant strike extent, high and low grade intercepts, is weakly drilled and requires additional exploration.

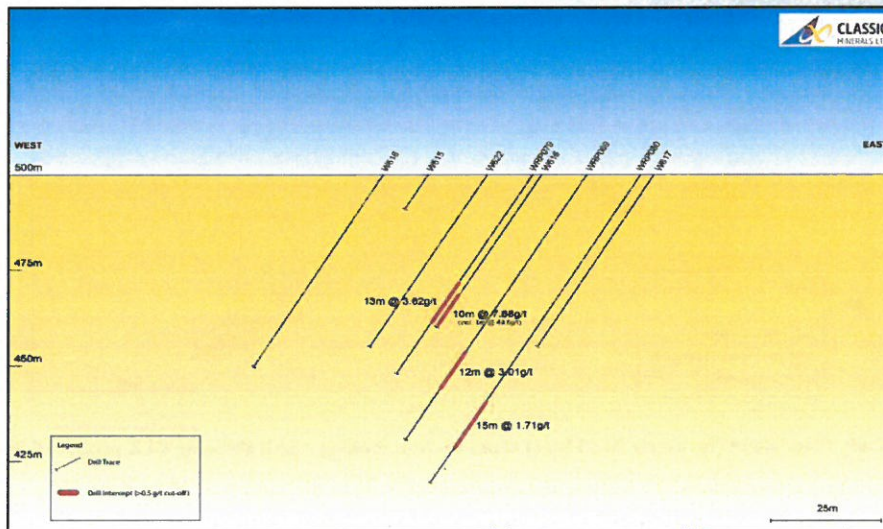


Figure 6: Cross Section Looking North – Lady Lila

Hole ID	Northing	Easting	Dip	Azi	From (m)	To (m)	Interval	Au (g/t)
WRP024	6431056	755576	-60	270	50	55	5	3.1
WR629	6430156	755604	-60	270	42	54	12	1.8
WR602	6430056	755595	-60	270	10	20	10	1.37
WRP172	6430057	755606	-60	270	14	36	22	0.62
WR601	6430056	755614	-60	270	33	39	6	1.5
WRP173	6430057	755620	-60	270	55	60	5	4.83
WRP071	6430056	755629	-60	270	61	70	9	1.3
WRP169	6430007	755626	-60	270	50	66	16	1.34
WRP170	6430007	755645	-60	270	71	76	5	1.17
WRP167	6429957	755625	-60	270	20	38	18	1
WRP168	6429958	755640	-60	270	63	75	12	0.86
WRP070	6429956	755651	-60	270	71	85	14	0.81
WRP165	6429907	755640	-60	270	45	65	20	1.15
WRP166	6429907	755659	-60	270	77	80	3	1.38
WRP079	6429856	755633	-60	270	30	45	15	3.2
WR616	6429856	755635	-60	270	42	46	4	9.5
WRP069	6429856	755645	-60	270	51	65	14	2.59
WRP080	6429856	755657	-60	270	68	93	23	1.22
WRP162	6429807	755655	-60	270	59	82	23	0.89

Table 2: Historical Violet Haze Significant intercepts (0.1g/t Au lower cut)

Table 1 contains results from historic drilling undertaken at Lady Lila and reported in the Company's announcement (Refer to CLZ announcement dated 21st March 2017 - Classic increases resources by acquisition)



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### **Doherty's Gold Project Transaction**

On the 3<sup>rd</sup> April 2017, the Company advised that it is another step closer to completing the sale of its Doherty's Gold Project to Accelerated Mining Pty Ltd ("AccMin").

With mutual consent of both parties, the proposed completion date has been extended to the 9 June 2017

Classic has received the interim payment of \$1M cash.

The immediate payment will enable Classic to:

- Commence further exploration and other development activities at the company's projects, and
- Pay down debt;

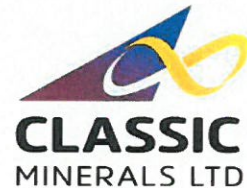
Parties have also agreed that, in the event that AccMin fails to complete the transaction on the 9<sup>th</sup> of June 2017 as per the extension, Classic will have the right to on-sell 100% of the tenement and mining rights to a 3<sup>rd</sup> party.

Sale of the project allows shareholders to share in success achieved by Accelerated Mining without the requirement to fund exploration or mining. Once mining commences at Doherty's, Classic will receive a 7.5% net smelter return royalty from production.

On behalf of the board  
Justin Douch  
Managing Director

### **Classic Minerals Limited**

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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 Edward S. K. Fry, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Fry is a consultant exploration geologist with BGM Investments Pty Ltd and consults to Classic Minerals Ltd. Mr Fry 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. Fry consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*





## 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 March 2017

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9.months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(171)	(520)
(b) development	-	-
(c) production	-	-
(d) staff costs	(60)	(376)
(e) administration and corporate costs	(101)	(306)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(9)	(138)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(341)</b>	<b>(1340)</b>

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



Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9.months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10.1)	-	1,200
	(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>-</b>	<b>1,200</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	24
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	444	520
3.6	Repayment of borrowings	(167)	(450)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>277</b>	<b>94</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	74	56
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(341)	(1,340)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	1,200
4.4	Net cash from / (used in) financing activities (item 3.10 above)	277	94
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>10</b>	<b>10</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	10	74
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>10*</b>	<b>74</b>

(\*: \$1m proceeds from the sale of the Company's Doherty's tenement were received in early April 2017 (please refer to the ASX Announcement dated 3 April 2017).

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 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

Current quarter \$A'000
21
-

6.1 includes salaries for executive and non-executive directors (\$21,588).

**7. Payments to related entities of the entity and their associates**

- 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

Current quarter \$A'000
25
-



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	1,000	-
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 29 September 2016, the Company entered into a Standby Subscription Agreement with Stock Assist Group Pty Ltd. The Facility arrangement is for \$1,000,000. Under the Facility the Investor agrees to subscribe for shares if requested by the Company subject to the terms and conditions of this Facility. No drawings were made in this quarter.

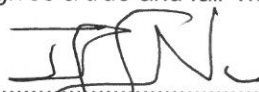
9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Exploration and evaluation	25
9.2 Development	
9.3 Production	
9.4 Staff costs	15
9.5 Administration and corporate costs	10
9.6 Other (provide details if material)	
<b>9.7 Total estimated cash outflows</b>	<b>50</b>

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	M57/619	Reducing* (*This tenement is the subject of a Sale of Mining Interest agreement (ASX Announcement dated 31 March 2016). Under the terms of this Agreement Classic will continue to be the legal and beneficial owner of the tenement.		*: Refer to Comments
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

### 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:

  
.....  
(Director/Company secretary)

Date: 28 April 2017

Print name: Jeffrey Nurse

### 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.



