

ASX Announcement

ASX: CLZ ACN 119 484 016

31 May 2017

DRILLING COMMENCES AT FORRESTANIA GOLD PROJECT, WA

Highlights:

- Phase 1 drilling program at FGP to comprise ~3,000 metres - Reverse Circulation and Diamond Drilling
- Drilling to target high grade depth extensions at both Lady Ada and Lady Magdalene – providing CLZ's technical team with a deeper understanding of FGP mineralisation
- Initial drilling designed to identify additional high priority drill targets – Program of Works lodged with Western Australian Department of Mines for drilling of 150 additional holes
- First assay results expected to be received late June 2017
- Additional funding flexibility to be provided by the sale of Doherty's Gold Project for \$1.2M – expected to be finalised early June 2017

Classic Minerals Ltd ("Classic" or the "Company") is pleased to announce that it has commenced reverse circulation (RC) and diamond drilling (DD) at the Forrestania Gold Project. The drill program will comprise ~3,000 metres (see Figure 1, 2 & 3).

Both the diamond drill rig and RC drill rig are on site and drilling at present, with the program expected to be complete within 35 days.

The Forrestania Gold Project contains an existing Mineral Resource of 5.9Mt at 1.25g/t for 240,000 ounces of gold, classified and reported in accordance with the JORC Code (2012), with a recent scoping study (released 1 May 2017) highlighting both the technical and financial viability of the project.

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In addition to the current drilling program at FGP, and with a longer-term view of the significant underlying potential of the project, Classic has also lodged a Program of Works ("POW") with the Department of Mines and Petroleum ("DMP") in which it will seek approval to undertake drilling of up to 150 holes throughout the FGP.

As previously advised, the sale of the Company's Doherty's Gold Project to Accelerated Mining Pty Ltd ("AccMin") as reported on 3 April 2017 is nearing completion, with the final payment of A\$1.2 million expected to be made to Classic on the 9th June 2017.

Managing Director, Justin Douth, commented:

"Classic is looking for large gold systems in areas with little exploration at depth. The FGP sits right in the center of this regional hotbed which has had very little drilling at depth. The current drill program represents a new "proof of concept" which we believe will result in high grade ore bodies extending at depth and along strike. I am a true believer in the gold endowment of the Forrestania Belt, and if we are successful, the potential upside to investors will be significant given Classic's capital structure and a portfolio of other projects with geochemical and geophysical anomalies warranting additional exploration. Classic's goal is to increase the resource base at FGP through organic growth and regional acquisitions to 500,000 oz Au as soon as possible. The final payment from the Doherty's sale will bolster our financial position and provides the necessary funds for ongoing exploration"

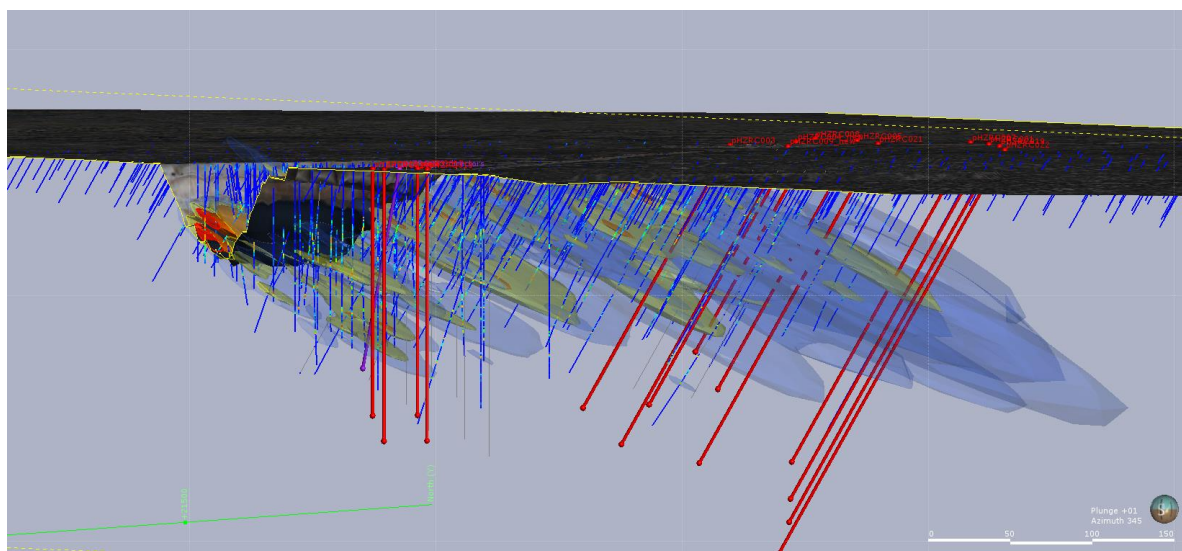


Figure 1: Lady Ada and Lady Magdalene oblique section looking North (local grid), showing the proposed drill targets against the extent of the current mineral resource model and the exploration drilling results.

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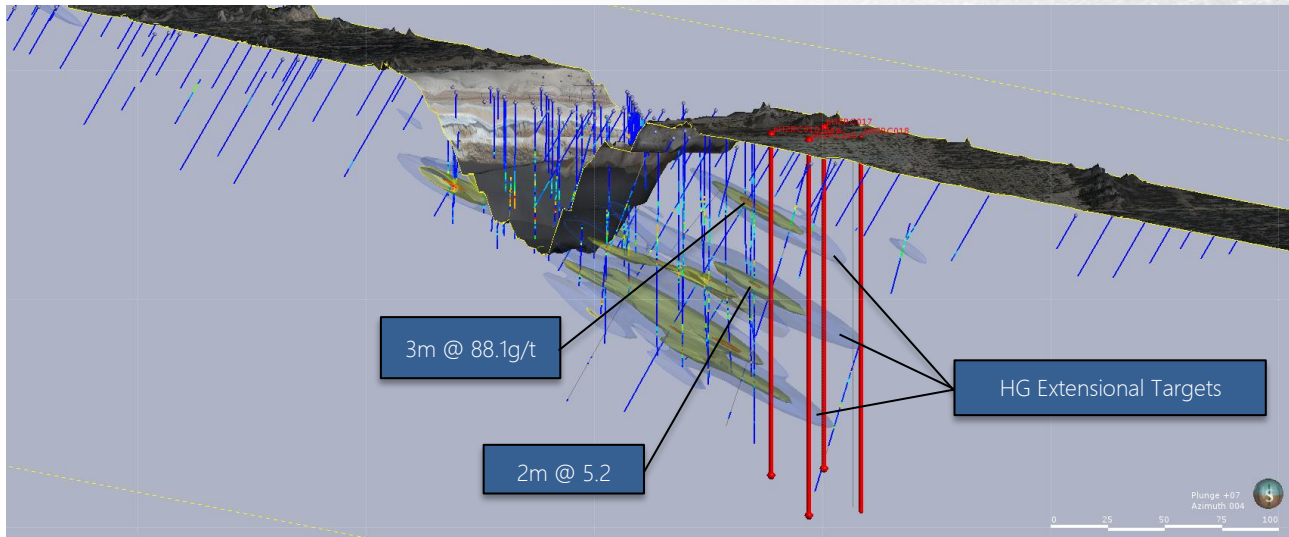


Figure 2: Lady Ada oblique section looking North (local grid), showing the proposed drill targets against the extent of the current mineral resource model and the exploration drilling results.

PLANNED DRILLING AT LADY ADA

Upon first examination of the dominantly west-dipping orientated drill lines, the mineralisation appears to be diminishing at depth. However, when the high-grade intervals (>5.0 g/t Au) are displayed in plan-view (see appendix 2 of ASX Announcement dated 14 March 2017) a south-easterly plunging trend is readily observable. When cross-sections are created parallel to the high-grade plunge, it is clear the mineralisation is open at depth as shown in the oblique -and cross sections provided in Figures 2 & 3.

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 1 and Figure 2 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 (as first reported in the ASX announcement from 9 March 2017).

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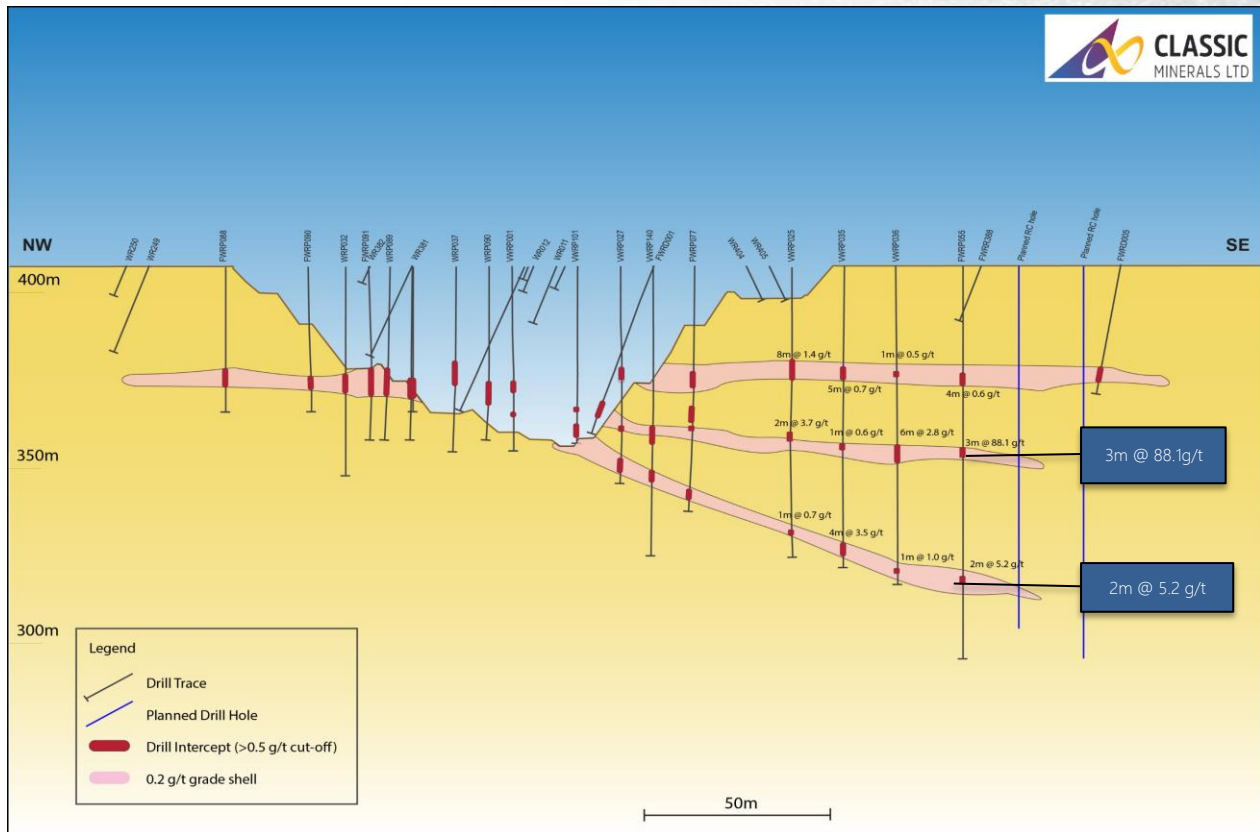


Figure 3: Lady Ada cross section looking north east showing CLZ proposed drill holes

PLANNED DRILLING AT LADY MAGDALENE

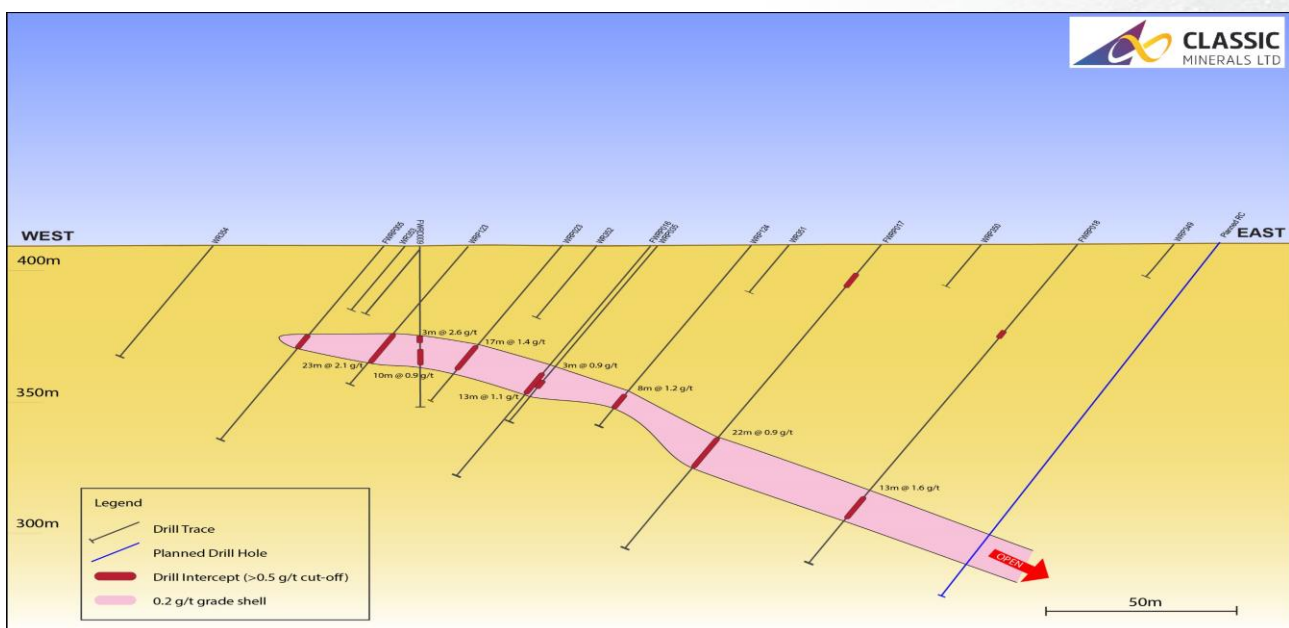
Gold mineralisation at Lady Magdalene (formerly Red Haze) is hosted within a sheared mafic suite. The mineralisation is over a kilometre long, is generally drilled to a down-dip length of 200–300 m (150 m vertical depth), and is generally 10 m thick (true thickness) with a grade range between 1.0 and 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.

The total Mineral Resource estimated for Lady Magdalene in August 2000 was 2.45 Mt @ 1.65 g/t Au at a 1.0 g/t Au block cut-off grade. The Resource is based on only 50 m x 25 m drill coverage (at best) and higher-grade (supergene) portions of the orebody may become apparent with closer-spaced drilling programmes. Diamond hole FWRD011 had an intersection of 7.0 m @ 9.07 g/t Au (true width unknown), containing visible Au only 25 m from surface and alludes to other, as yet undefined, high-grade intersections being present in the orebody.

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At Lady Magdalene, mineralisation has not been closed off at depth, and intersections on several wide-spaced sections indicate that a similar south-easterly plunge may exist at here (see Figure 1 and 4).



On behalf of the board
Justin Douch
Managing Director

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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

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