



ASX Announcement

3 August 2017

CLASSIC COMMENCES 13,000M DRILLING PROGRAM TARGETING LARGE SCALE GOLD SYSTEM AT FORRESTANIA GOLD PROJECT, WA

Highlights:

- Phase 2 drilling program is underway at Forrestania Gold Project and comprises ~13,000 metres of reverse circulation drilling with initial assays from the Phase 2 program expected mid-late August
- Following positive results from Phase 1 drilling at FGP - Phase 2 program will target high-grade extensions along strike and down dip at both Lady Ada and Lady Magdalene deposits
- Drilling to target a repetition of Lady Ada and Lady Magdalene possibly lying between existing Lady Ada and Lady Magdalene ore bodies – potentially delineating a single ore body over 1.7km in length
- Program also includes pattern drilling to establish and increase the confidence in the Mineral Resource at Lady Ada and Lady Magdalene
- Initial results from Phase 1 drilling at both Lady Ada and Lady Magdalene deposits highlights significant potential for Classic to unlock a large-scale gold system at FGP
- Drilling at Lady Ada and Lady Magdalene returned high-grade results from outside the current Scoping Study pit design, highlighting significant potential to expand current Mineral Resource estimate at FGP (refer to ASX announcement dated 14th March 2017)

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1. INTRODUCTION

Classic Minerals Ltd ("Classic" or the "Company") is pleased to announce that it has commenced its Phase 2 reverse circulation ("RC") drilling program at the Forrestania Gold Project ("FGP"). The drilling program will comprise ~13,000 metres and has been designed to further test high-grade extensions of both the Lady Magdalene and Lady Ada deposits identified during the recently completed Phase 1 drilling program.

Importantly, Classic's exploration team has also identified the opportunity to target a repetition of the Lady Ada and Lady Magdalene deposits possibly lying between the existing ore bodies – potentially delineating a single ore body over 1.7km in length. This drilling will assist with improving the confidence in the existing Mineral Resource at the Lady Magdalene and Lady Ada deposits respectively, and has the potential to add significant further ounces to the Company's existing resource base at the FGP.

The RC drill rig is on site and drilling at present, with the program expected to be complete within 60 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.

Classic's Managing Director, Justin Douth, commented:

"We are excited to be commencing this next phase of drilling at our flagship Forrestania Gold Project, which will target recently discovered high-grade zones at the Lady Ada and Lady Magdalene deposits respectively."

"Furthermore, initial results received from the Phase 1 drilling program have reaffirmed our view that there is significant potential to uncover an additional ore body linking both the Lady Ada and Lady Magdalene deposits, which if discovered, would unlock a gold system that is approximately 1.7km in length – resulting in a substantial increase to the existing FGP Resource."

"Since acquiring the Forrestania Gold Project earlier this year, Classic has been clear in its commitment to increase the Mineral Resource base and improve the positive project economics outlined in the scoping study. Both the Phase 1 and Phase 2 drilling programs will play a key role in advancing this strategy in the near-term."

2. DRILLING AT LADY ADA – CONFIRMING RESOURCE DEVELOPMENT MODEL

Upon first examination of the generally east-dipping mineralisation, 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 of ASX announcement dated 31 May 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. 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).

MARC002 and MARC003 (as reported in the ASX announcement from 25 July 2017) hit wide zones of mineralisation, which appear to be an extension to one of the flatter lying mineralised zones, which also continues along the same general SE direction.

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MARC001 (as reported in the ASX announcement from 25 July 2017) showed significant mineralisation near surface (including 6m @ 9.06 and 2m @ 15.74 from 38m) and this zone is interpreted as a higher grade extension of the uppermost flatter dipping zones (Figure 1). It is evident from reviewing all drilling results that seemingly low-grade zones may taper into, or include significant high-grade and wide zones.

Classic's next drilling programme will focus on infill drilling to upgrade – and on extension drilling to extend – the existing Mineral Resource. Based on recent interpretations, part of the drilling will also focus on new targets directly adjacent to Lady Ada deposits.

Drilling at Lady Ada will comprise of 18 holes for approximately 2,750 metres.

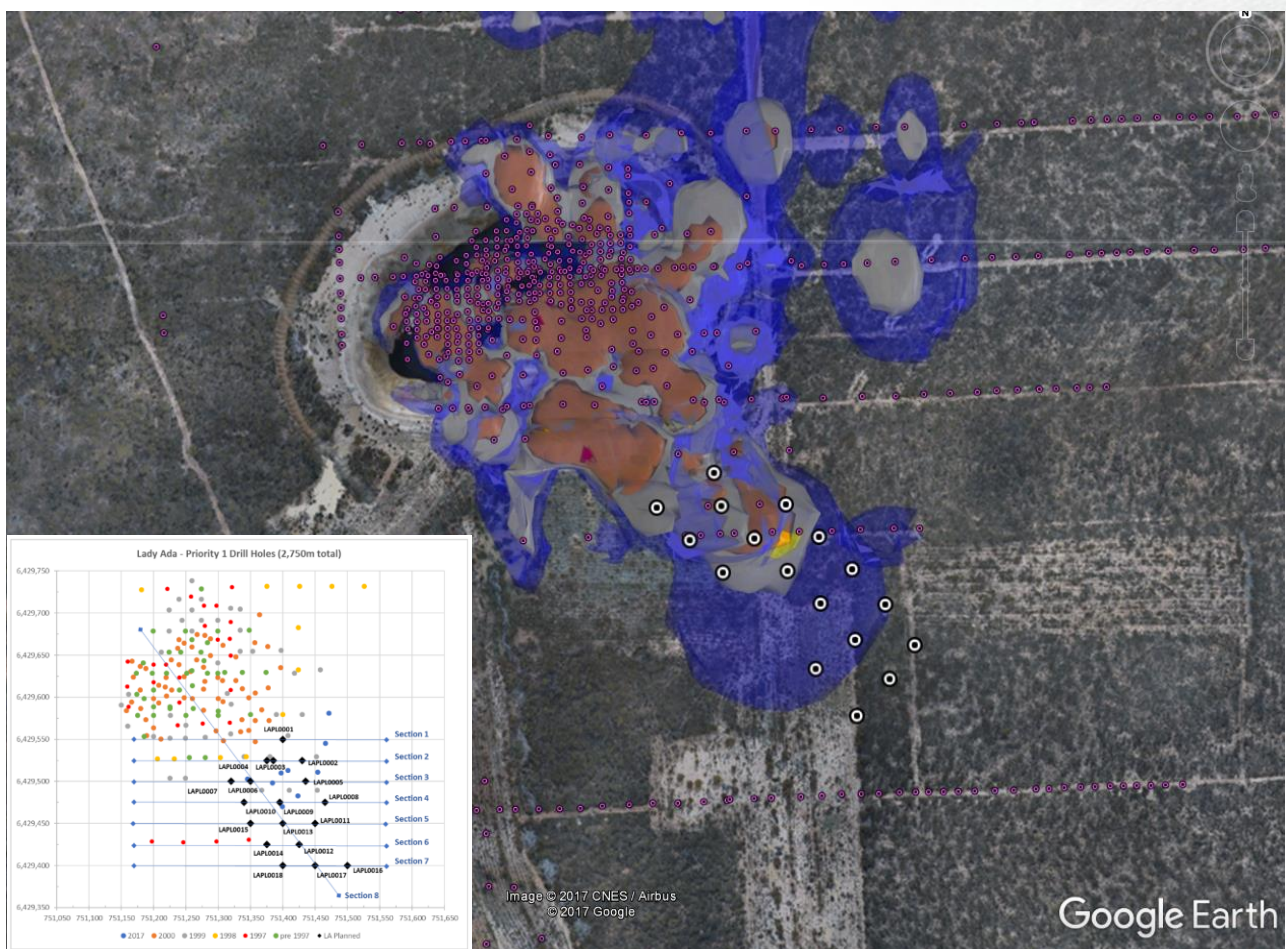


Figure 1: Planned Holes (white) at Lady Ada Plotted Against Previous Drill Collars (pink) and the latest implicit model

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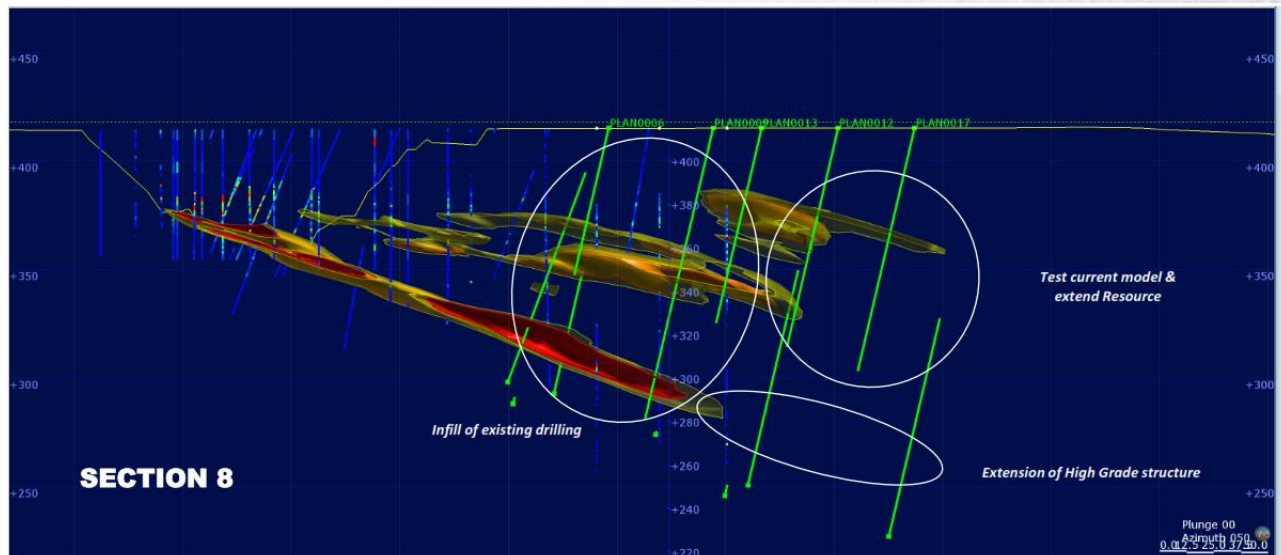


Figure 2: Lady Ada cross section 8 looking north-east showing CLZ proposed drill holes

3. 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 Forrester 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 Phase I drilling results at Lady Magdalene confirmed Classic's interpretation of the ore body, which is based on a south-easterly plunging shoot, similar to the one observed along-strike at the Lady Ada ore body, as well as several other prospects along -and across strike in the project area (as reported in the ASX announcement from 25 July 2017).

These results suggest that, where previously the mineralisation had appeared closed off, the identified SE plunge leaves room for further down-dip extensions, and has the potential to add significantly to the Mineral Resources within the project area.

The additional assays further confirmed that MARC005 (as reported in the ASX announcement from 25 July 2017) contains wide zones of mineralisation down-dip of the SE plunge direction with the mineralised zone intercepted in MARC005 being an impressive 17m thick at 3.86 g/t Au.

Additional assays also identify the presence of narrow, high grade structures within a broad zone of shallow dipping mineralisation close to surface in holes MARC006 and MARC007 (as reported in the ASX announcement from 25 July 2017).

Classic's next drilling programme will focus on infill drilling to upgrade – and on extension drilling to extend – the existing Mineral Resource. Based on recent interpretations, part of the drilling will also focus on new targets directly adjacent to Lady Magdalene deposits.

Drilling at Lady Magdalene will comprise of 48 holes for approximately 9,800 metres.

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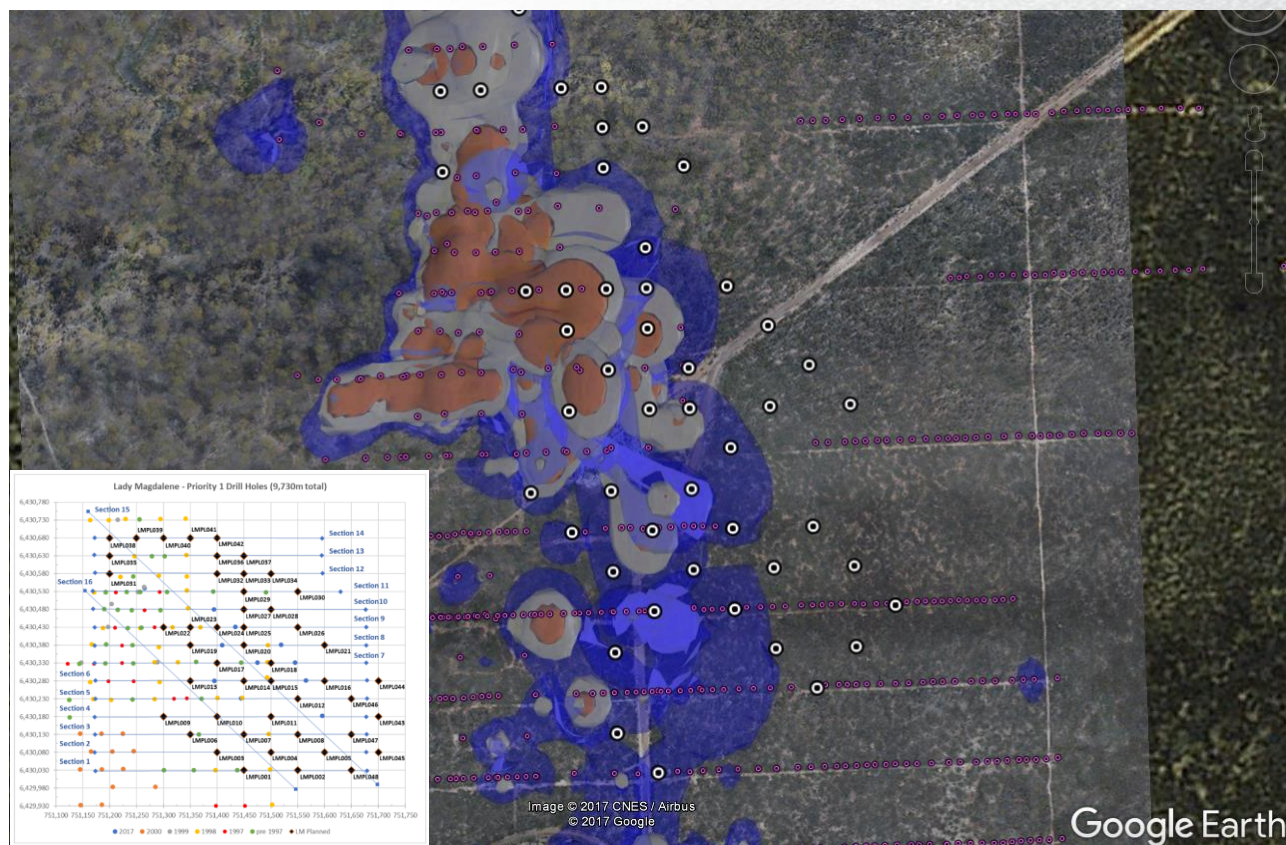


Figure 3: Planned Holes (white) at Lady Magdalene Plotted Against Previous Drill Collars (pink) and the latest implicit model

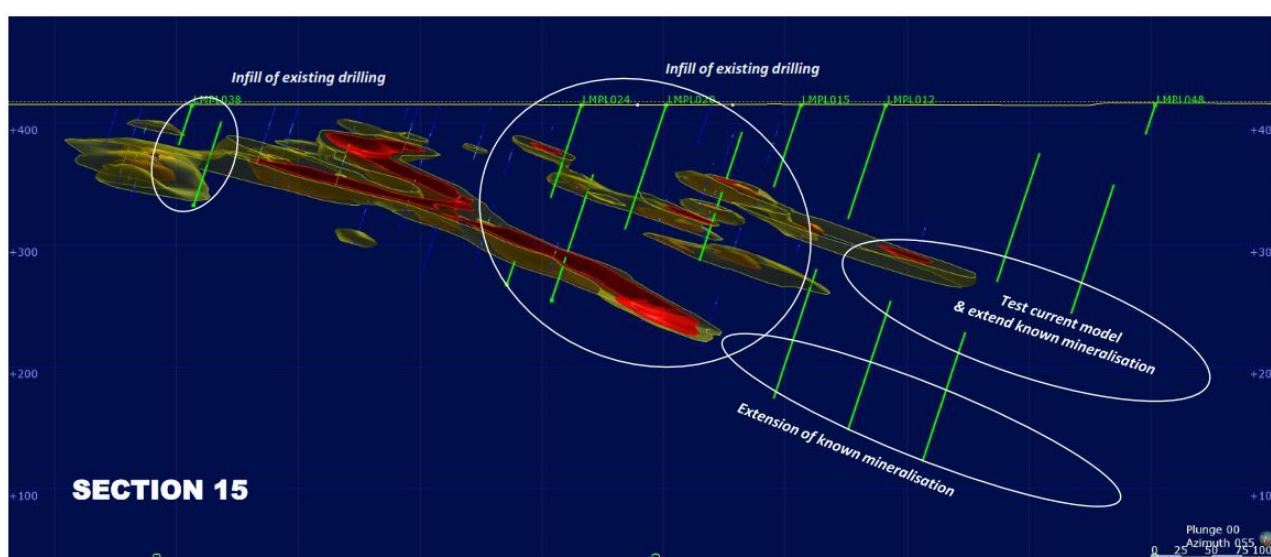


Figure 4: Lady Magdalene cross section 15 looking north-east showing CLZ proposed drill holes

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4. TARGETING THE DELINEATION OF A 1.7KM+ OREBODY

After extensive geological review and interpretation (including use of data generated from the Phase I drill campaign) Classic believes there is significant potential to uncover a repetition of the Lady Ada/Lady Magdalene ore bodies between the existing deposits. Furthermore, Classic has identified analogous characteristics between Lady Ada and Lady Magdalene (ore body starting off with a flat structure and then deepening on an SE trend whilst increasing in grade).

This area between the Lady Ada/Lady Magdalene ore bodies has previously only been subjected to very shallow drilling, with some near surface hits indicative of the flat lying feature shared by both Lady Ada and Lady Magdalene. In order to further investigate this potential, Classic has planned a number of drill holes to test this theory. The potential identification of an additional ore body linking both the Lady Ada and Lady Magdalene deposits would result in a significant increase to the existing Mineral Resource base – unlocking a gold system that is approximately 1.7km in length (or longer if mineralisation continues to extend to the south of Lady Ada).

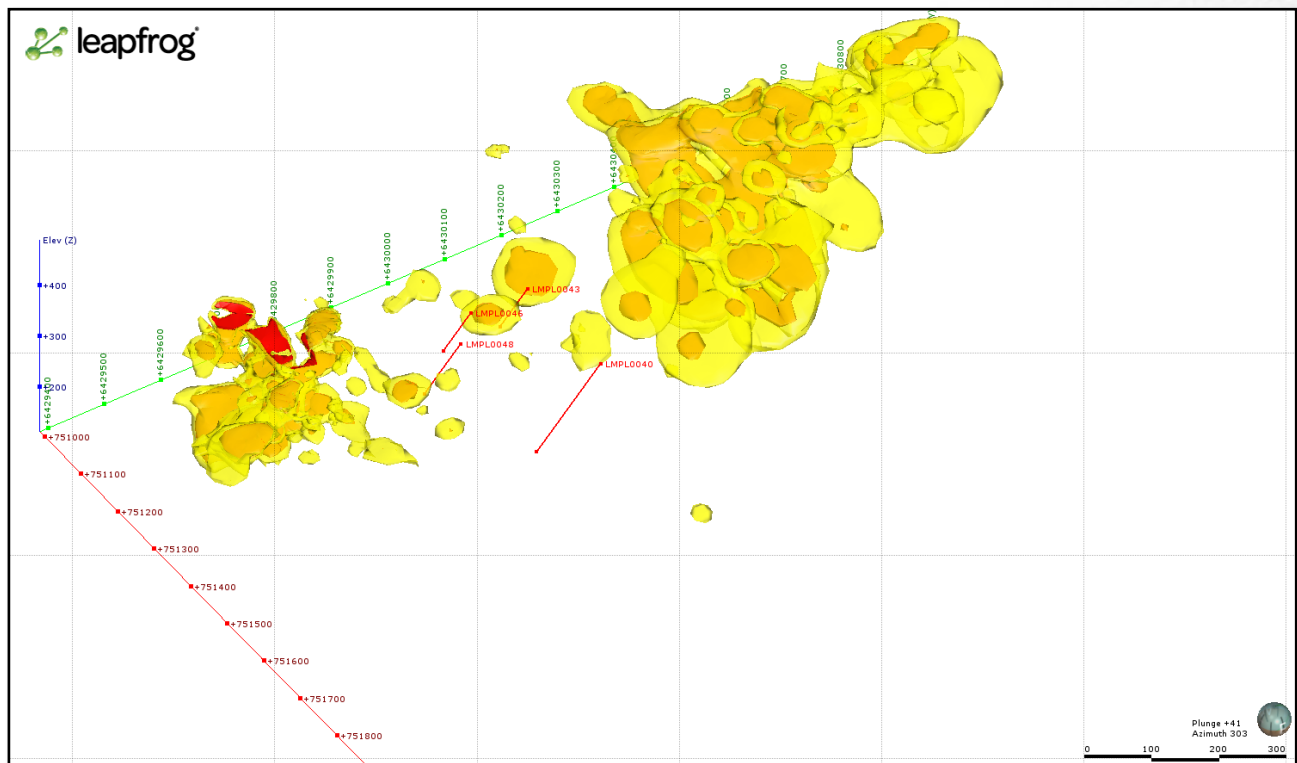


Figure 5: Proposed Drill Holes Between the Existing Lady Ada and Lady Magdalene Ore Bodies (high grade +1.5 g/t shells shown)

5. ABOUT THE FORRESTANIA PROJECT

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, 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. For the avoidance of doubt Hannans Ltd owns a 100% interest in non-gold rights on the FGP Tenements including but not limited to nickel, lithium and other metals.

The Forrestania Gold Project contains an existing Mineral Resource of 5.9 Mt at 1.25 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

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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		
	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
Total	2,112,000	1.17	79,900	3,251,000	1.53	160,750

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 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

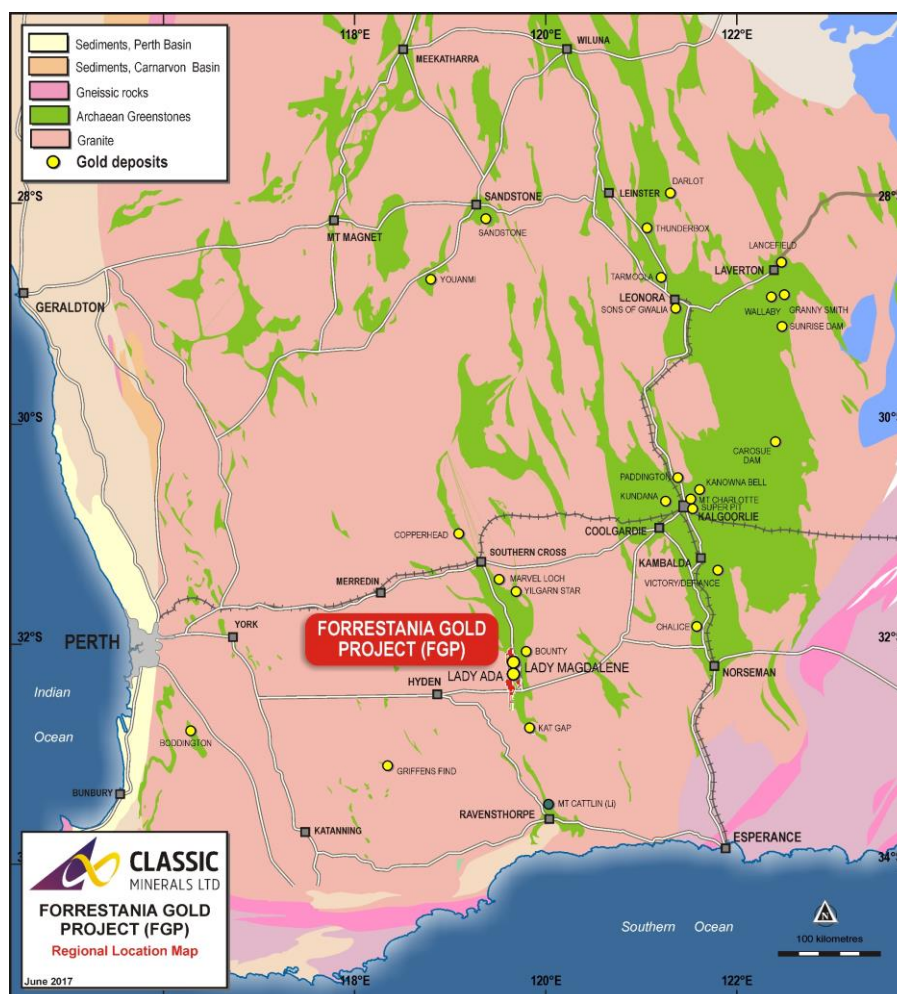


Figure 5: Regional Map

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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.

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