

ASX Announcement

ASX: CLZ ACN 119 484 016

31 October 2017

SEPTEMBER 2017 QUARTERLY ACTIVITY REPORT

Highlights:

Forrestania Gold Project

- Phase 1 program completed, returning high grade gold
- Best drill results include:
 - Lady Magdalene**
 - 7m @ 4.95 g/t Au from 138m – including 3m @ 10.0 g/t Au from 141m
 - 12m @ 2.08 g/t Au from 139m – including 3m @ 4.6 g/t Au from 142m
 - 4m @ 4.66 g/t Au from 76m
 - Lady Ada**
 - 12m @ 1.74 g/t Au from 64m – including 3m @ 2.03 g/t Au from 72m
 - 2m @ 9.77 g/t Au from 109m – including 1m @ 18.6 from 109m
- Phase 2 drilling program at Forrestania Gold Project, testing Lady Ada and Lady Magdalene deposits
- Visible gold in rock samples from Lady Ada deposit
- Classic to continue focusing on building resources inventory and improving JORC classification

I. INTRODUCTION

WA-focused gold exploration and development company Classic Minerals Limited (ASX: CLZ) ("Classic", or "the Company") is pleased to provide shareholders with its Quarterly Activities Report for the period ended 30 September 2017.

Forrestania Gold Project, Western Australia

The Forrestania Gold Project ("FGP") 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 the recent Scoping Study indicating both the technical and financial viability of the project.

Drilling Program – Phase 1

The Company commenced the Phase 1 drilling program at the FGP on May 31, comprising of 18 RC holes and 2 diamond holes for a total of ~3,670m.

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Drilling targeted high-grade depth extensions at both Lady Ada and Lady Magdalene, which provided Classic's technical team with a deeper understanding of FGP mineralisation.

The program was completed on June 29, and all drill holes intersected quartz veining as well as zones of silicified/bleached gabbro (which appeared to be prospective for gold) within the targeted alteration zones.

Lady Ada Phase I Drilling Results

On July 5, the Company released high-grade Phase I drill results from the Lady Ada Deposit. Best results are in Table I:

Hole	From	To	Length	Results	Comment
MARC001	36	45	9	9m @ 6.23 from 36m	Including 6m @ 9.06, and 2m @ 15.74 from 37m
MARC003	64	76	12	12m @ 1.74 from 64m	Including 3m @ 2.03 from 72m
MARC015	109	111	2	2m @ 9.77 from 109m	Including 1m @ 18.6 from 109m
MARC002	64	75	11	11m @ 1.25 from 64m	Including 2m @ 3.58 from 73m
MARC004	47	48	1	1m @ 3.82 from 47m	
MARC003	54	56	2	2m @ 3.05 from 55m	
MARC001	53	58	5	5m @ 1.24 from 53m	
MARC001	48	50	2	2m @ 3.53 from 48m	

Additional assay results at the Lady Ada deposit were also returned, with high-grade zone intersections remaining open at depth and along strike.

MARC001 was a standout hole which yielded very impressive, high grade gold mineralisation at a shallow depth (38m) in an area that is outside of the current optimised pit design (9m @ 6.23g/t Au from 36m – including 6m @ 9.06g/t Au, and 2m @ 15.74g/t Au from 37m, see ASX announcement dated July 19, 2017).

Lady Magdalene Phase I Drilling Results

The drilling at Lady Magdalene was designed to target mineralisation outside of the current resource model as well as high-grade extensions below and adjacent to the current pit design as part of Classic's strategy to grow its Mineral Resources to a size that supported the establishment of an on-site processing facility at Forrestania.

Results from initial holes were returned during the June Quarter, which identified an additional zone of high grade mineralisation outside of the current resource which extends at depth and along strike, reaffirming management's view that the FGP has the potential to host a much larger gold system that can be unlocked through further targeted drilling.

Additional results for eight holes at Lady Magdalene (MARC005 – MARC013) were received on July 11, with almost all holes returning high grade intersections:

- 17m @ 3.86g/t Au from 179m – including 9m @ 5.4g/t Au from 187m
- 7m @ 4.95g/t Au from 138m – including 3m @ 10.0g/t Au from 141m
- 12m @ 2.08g/t Au from 139m – including 3m @ 4.6g/t Au from 142m
- 2m @ 12.46g/t Au from 87m – including 1m @ 24.3g/t Au from 87m
- 2m @ 8.59g/t Au from 48m – including 1m @ 16.5g/t Au from 48m
- 6m @ 3.27g/t Au from 74m – including 4m @ 4.6g/t Au from 76m

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On July 25, Classic received additional assays for MARC005, extending the mineralised interval from 7m @ 2.43 g/t Au from 179m to 17m @ 3.86 g/t Au from 179m.

Additional assays also identified the presence of narrow, high grade structures (2m @ 12.46 g/t Au from 87m, 2m @ 8.59 g/t Au from 48 m) within a broad zone of shallow dipping mineralisation close to surface.

Drilling Program – Phase 2

The Company's Phase 2 drilling program commenced at the Forrestania Gold Project on August 3, testing high-grade extensions of both the Lady Magdalene and Lady Ada deposits identified during the Phase 1 drilling program. Assay results from the phase 2 drill program are still with the laboratory and the company expects to receive these results shortly.

Phase 2 reverse circulation ("RC") drilling at Lady Ada was completed on August 24, and at the Gap Zone – a priority target situated between the Lady Magdalene and Lady Ada deposits – on September 12. (see Figure 2).

Drill chip sampling from the RC program identified a potential new zone of mineralisation at Lady Ada based on samples from drill holes MARC0031, MARC0032 and MARC0035.



Figure 1: Example of visible gold in rock samples taken from around the Lady Ada deposit

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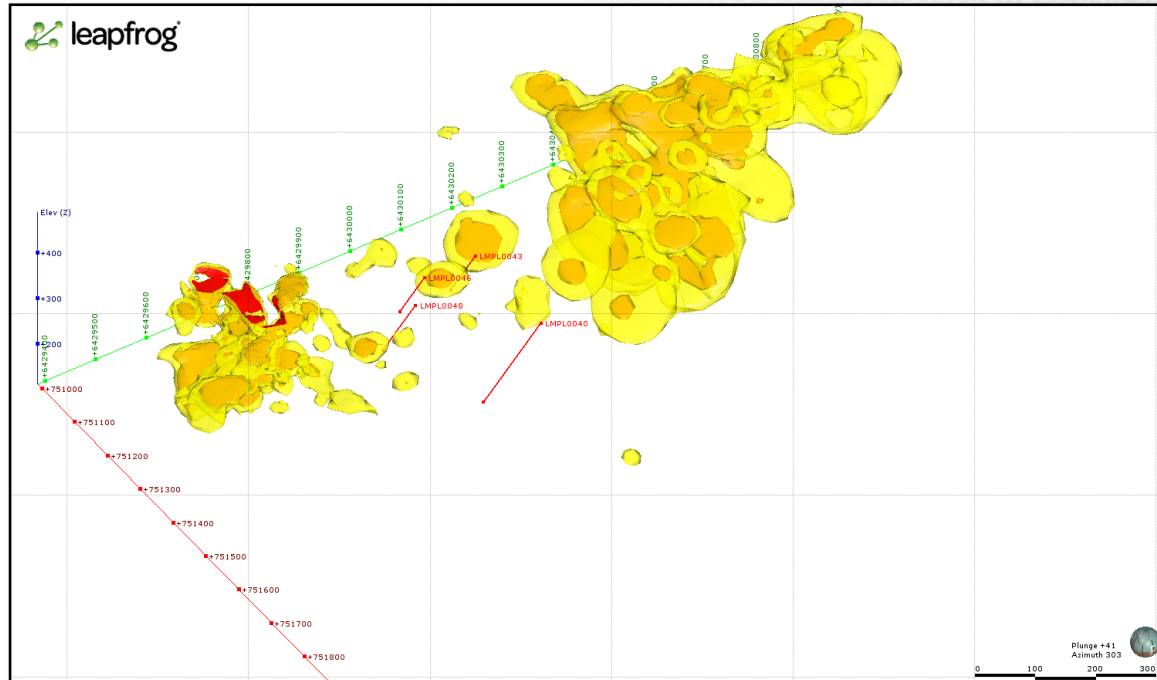


Figure 2: Completed Drill Holes Between the Existing Lady Ada and Lady Magdalene Ore Bodies (high grade +1.5 g/t shells shown)

Upcoming Activities at Forrestania

Following the completion of Phase 2 drilling (see announcement released September 12, 2017), Classic will be focused on building its resources inventory and improving the JORC classification.

Upcoming activities will include:

- Exploration Target Generation and Testing
- Preparation of the new JORC Resource estimations following Phase 2 drilling
- Incorporation of any increased JORC Resource into revised scoping study/PFS
- Drill Program at both Lady Lila and Kat Gap respectively to increase resource size and improve confidence with eventual goal of incorporation into FGP mine plan/scoping study
- Further Research and Data Review
- Mapping and Surveying
- Rock Chipping, Soil Sampling and RAB drilling

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Corporate Activities

Funding agreement with Radium Capital

On September 29, the Company reached an in-principle funding agreement with innovative specialist funder Radium Capital ("Radium").

After further discussions, Classic and Radium mutually agreed to hold-off formalising the agreement for the time being.

R&D Rebate Lodged With ATO

The Company's tax advisors, Grant Thornton Group, is currently finalising the Company's R&D Rebate Claim for the year ending June 30, 2017.

Classic is pleased to advise the market that the potential rebate amount for its 2017 R&D Rebate Claim may be up to \$542,329.00. The Company expects to receive the rebate from the R&D claim within 30 days.

It is important to note that the ATO has not yet approved the R&D Rebate Claim, and Classic will keep the market informed of any developments.

Standby Subscription Agreement Limit Increase

The Company announced during the quarter that its Standby Subscription Agreement ("Facility") with Melbourne-based capital firm Stock Assist Group Pty Ltd (see ASX announcement dated September 30 2016) has been amended by parties to increase the available facility from \$1,000,000 to \$5,000,000 effective immediately.

Key Appointments

On August 31, the Company advised that Mr Frederick Salkanovic was appointed to the Board as Non-Executive Director.

On September 7, the Company also advised that Kent Hunter was no longer a Director of Classic Minerals.

Board and Management Review

The Company advises that it is undertaking a review of the Company's business, including a comprehensive review of the Board's structure and remuneration, employee structure and remuneration, also 3rd party service providers and other factors.

CEO Recruitment

The Company confirms that it is searching for a CEO to take over the day-to-day running of Classic Minerals, and that the CEO will likely move into a position of Managing Director in due course. The Company will keep the market updated.

Tenement Rationalisation

The Company confirms that it is reviewing its Tenement holdings and is considering surrendering one or more of its non-core projects in efforts to keep Company costs and liabilities down.

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On behalf of the board,

Justin Douth
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