

ASX Announcement

ASX: CLZ ACN 119 484 016

31 January 2018

DECEMBER 2017 QUARTERLY ACTIVITY REPORT

During the quarter, the Company advised the market of the latest drill results from the Forrestania Gold Project ("FGP") in Western Australia which returned high-grade results from outside the current Scoping study pit design. These results highlighted significant potential to expand current Mineral Resource estimate at FGP. The Company also completed a detailed mapping and targeting study at FGP, resulting in a number of ranked exploration targets. In addition to the above exploration announcements, the Company advised its shareholders of a corporate update which included the appointment of highly experienced industry executive Mr Dean Goodwin as CEO and senior corporate executive Mr John Lester as Non-Executive Director.

The Company is looking forward to continuing its developments at the Forrestania Gold Project in 2018. Classic is approx. 1/3rd of the way through assay processing and is expecting further results at Lady Ada and Lady Magdalene to come in over the coming weeks. An additional POW ("Program of Works") was lodged with the DMP ("Department of Mines and Petroleum") for an extensional drilling program and diamond drilling at Lady Magdalene. Once approved, this will allow Classic to rapidly move to the next phase of exploration and development at the FGP. The Company will update the market accordingly.

Forrestania Gold Project Highlights:

- **Best results for Lady Ada (to date) include:**
 - **10m @ 3.10 g/t Au from 58m – including 5m @ 3.96 g/t Au from 58m and 2m @ 7.04 g/t Au from 58m**
 - **5m @ 1.30 g/t Au from 37m**
 - **6m @ 2.22 g/t Au from 40m – including 1m @ 8.20 g/t Au from 40m**
 - **3m @ 10.37 g/t Au from 117m – including 1m @ 30.50 g/t Au from 117m**
 - **6m @ 8.67 g/t Au from 67m – including 1m @ 38.10 g/t Au from 68 m**
- Detailed mapping of the entire Forrestania Greenstone belt has identified in excess of 90 priority targets within CLZ's FGP project area
- Potential for high grade mineralization within the Lady Magdalene ore body
- Lady Lila viewed as analogous to Bounty/Blue Vein ore bodies – significant BIF ore body
- Untested prospect "The Matrix" considered as analogous to the high grade Lady Ada ore body
- CLZ strengthens management with the appointment of highly experienced industry executive Mr Dean Goodwin and as CEO and Corporate senior executive Mr John Lester as Non-Executive Director

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1. 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 31 December 2017.

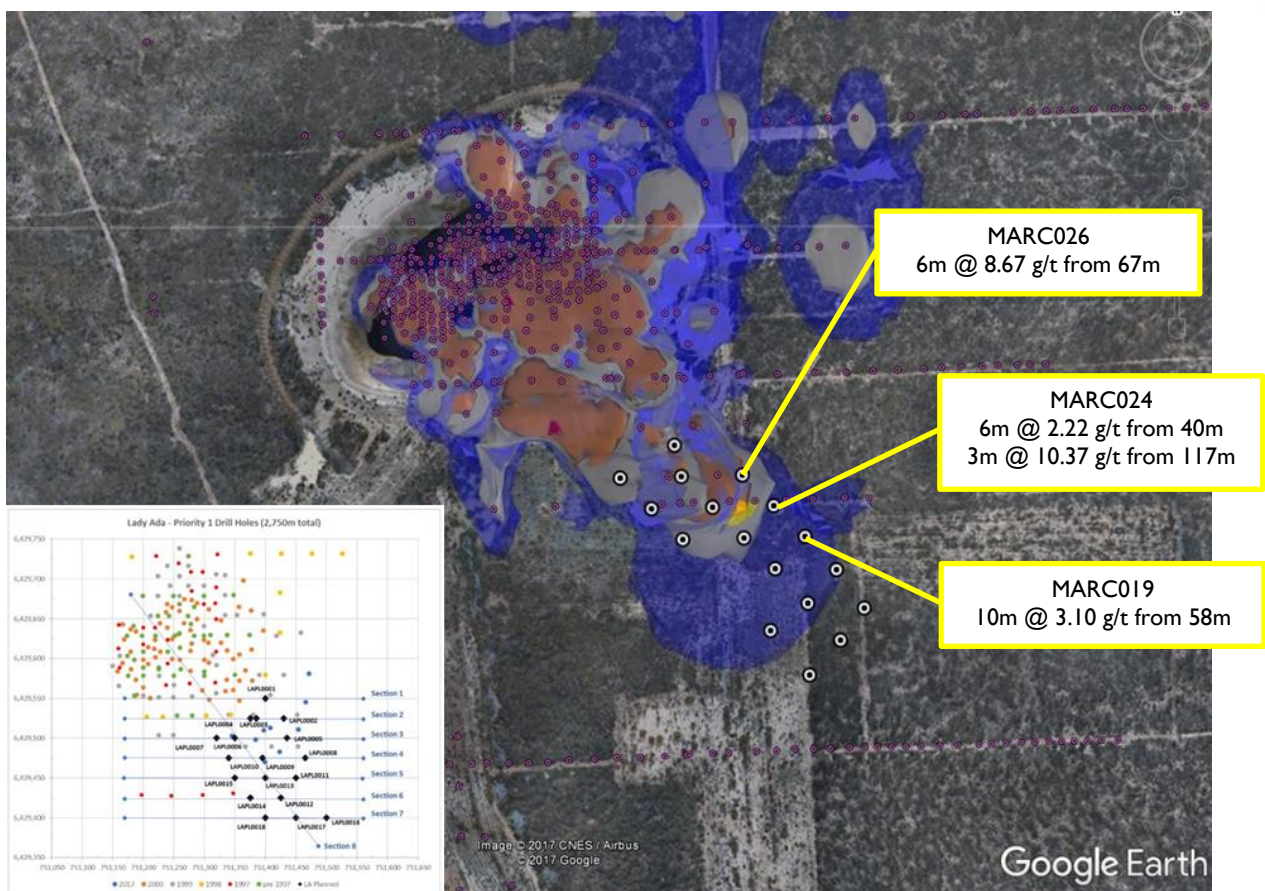
Forrestania Gold Project, Western Australia

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.

2. DRILLING AT LADY ADA – CONFIRMING RESOURCE DEVELOPMENT MODEL

Directly along strike from MARC026 was MARC024 and MARC019 which also included high grade results that were interestingly closer to surface. These results confirm the geological model that the primary Lady Ada ore zone extends to the south-east of the existing ore body. The extent of the mineralisation remains open and is yet to be closed off – Classic drilled a hole (MARC039) approx. 200m along strike from MARC019 and MARC024 that is yet to be assayed but included promising zones of arsenopyrite which appears to represent ore-bearing zones.

MARC026 was a standout hole which yielded very impressive, high grade gold mineralisation (38.10 g/t) at a relatively shallow depth (68m) in an area that is outside of the current optimised pit design.



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The strong results point to both an increase and an upgrade in Resources at the Forresteria Gold Project. The drilling 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, in line with Classic's strategy to sufficiently grow its Mineral Resources to a size that supports establishment of an on-site processing facility at FGP as contemplated in FGP scoping study (see ASX announcement released 2nd May 2017).

The Reverse Circulation (RC) drill program drilled to date comprised a total of 18 holes for 3,250m (MARC019 - MARC035 and MARC039). Assay results for the remaining intersections and holes are expected to be announced as they are received.

Hole	From	To	Length	Results	Comment
MARC019	58	68	10	10m @ 3.10 g/t Au from 58m	Including 2m @ 7.04 g/t Au from 58m
MARC020	37	42	5	5m @ 1.30 g/t Au from 37m	
MARC024	40	46	6	6m @ 2.22 g/t Au from 40m	Including 1m @ 8.20 g/t Au from 40m
MARC024	117	120	3	3m @ 10.37 g/t Au from 117m	Including 1m @ 30.50 g/t Au from 117m
MARC026	47	51	4	4m @ 1.74 g/t Au from 47m	
MARC026	67	73	6	6m @ 8.67 g/t Au from 67m	Including 1m @ 38.10 g/t Au from 68m

Table 1: Significant Lady Ada drill results received to date

Classic's CEO, Dean Goodwin, commented:

"Lady Ada is a stacked, shallow dipping ore body which is open at depth and along strike. These latest assay results are very exciting as it confirms there is a very high grade zone that remains open along strike, reaffirming our view that the Forresteria Gold Project potentially hosts a much larger high grade gold system.

We see this as a great opportunity to increase the resource at Lady Ada, but also, in the longer term, dramatically improve the project economics as pre-stripping for the planned cut-back may now be able to incorporate some of this high grade material into the mine design.

This is a great result for our Phase 2 exploration campaign at the Forresteria Gold Project and we are looking forward to reporting the subsequent Lady Ada and Lady Magdalene assay results in the coming weeks. We have only received approx. 1/3rd of results so far.

Following the receipt and interpretation of the assay data, we will get straight into some orientated diamond holes at Lady Magdalene with the goal of uncovering very high grade ore bodies analogous to Lady Ada between the wide spaced drill lines. Discovery of such zones will be an absolute game-changer for the FGP as it will dramatically increase the financial viability of the project via addition of high-grade ounces to the existing pit-shell designs as reported in the May 2 scoping study announcement."

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. There are 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).

Significantly, Classic's view on the mineralisation was proven correct when its holes intersected gold and confirmed a previously undiscovered extension of the Lady Ada deposit at a vertical depth below 117m from the surface and SSE along strike from the current known mineralisation.

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The ongoing strategy at Lady Ada is to test the resource development model and probe the extent of mineralisation associated with holes MARC019, MARC024, MARC026 with 25 metre spaced holes. All significant gold intersections reported to date are associated with intervals of consistent weak to moderate pervasive biotite, dioxide and iron carbonate alteration, SE-dipping quartz veins with >1% pyrite and >1% arsenopyrite mineralisation.

3. LADY MAGDALENE DIAMOND DRILLING – TO UNCOVER HIGH-GRADE GOLD LODES

In addition to processing the assay data from Phase 2 drilling at Lady Ada and Lady Magdalene, The Company is also focused on drilling diamond holes at Lady Magdalene in the near future with a view of discovering high grade gold lodes similar to what was mined at Lady Ada. Orientated diamond drilling will be undertaken within the existing Lady Magdalene resource in an attempt to locate high grade cross-cutting gold lodes similar to the Lady Ada deposit which yielded 95,865 tonnes @ 8.81g/t for 27,146 oz Au. Currently existing drilling at Lady Magdalene is too broad spaced to identify these potential high-grade cross-cutting lodes.

CEO Dean Goodwin said:

In parallel to our regional exploration program we will be looking for high-grade cross-cutting lodes within the Lady Magdalene resource envelope similar to Lady Ada. We found Lady Ada 17 years ago by looking closely at the drilling sections, you could see this high-grade gold lode cutting through from section to section on an angle. It wasn't running parallel to the main lower grade material. Once we changed the drill orientation, the high-grade zone was instantly apparent and the rest was history. There is very strong evidence to suggest that similar things are happening at Lady Magdalene. There could be multiple Lady Adas hiding within the existing data. Before we looked closely at Lady Ada, both Lady Ada and Lady Magdalene were deemed large low-grade gold resources. It was only after we looked closely at Lady Ada that we saw the high-grade cross cutting lode – I hope to repeat this methodology and discovery at Lady Magdalene.

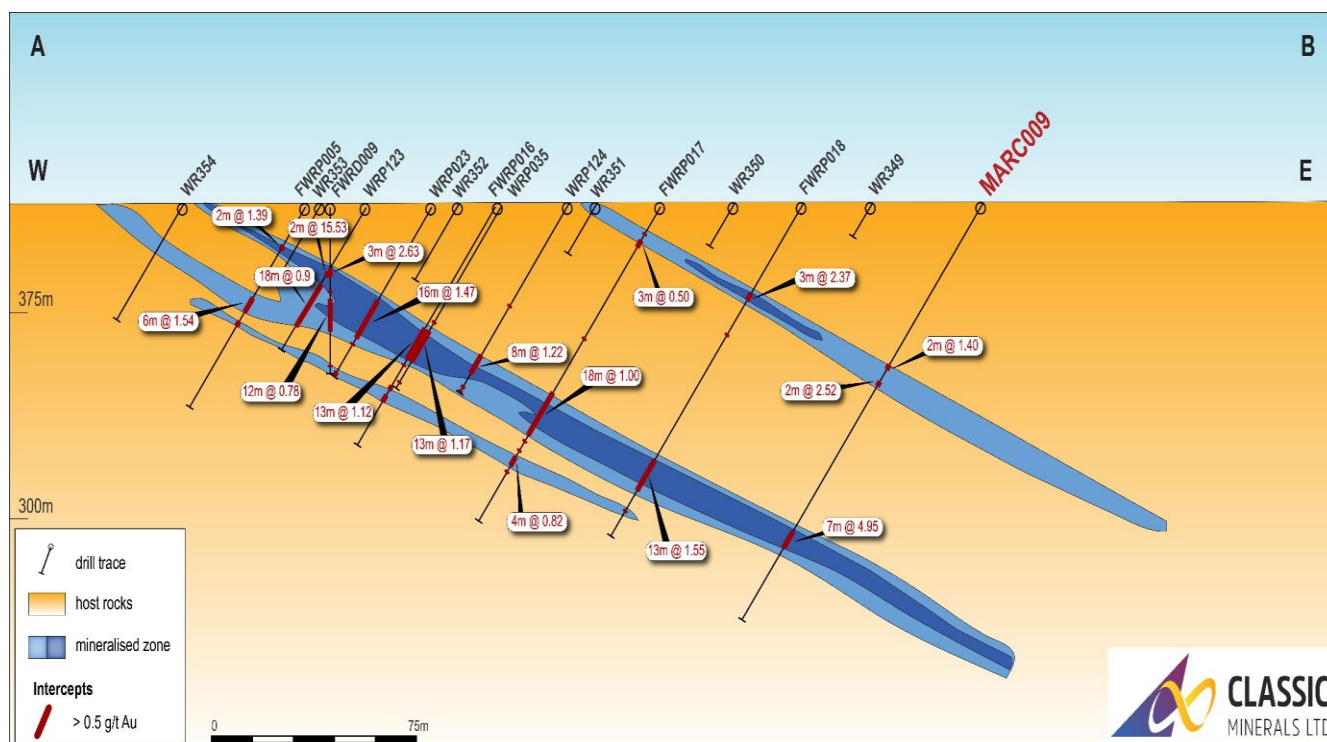


Figure 2 West-East section through Lady Magdalene, showing results for MARC009

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4. FORRESTANIA GEOLOGICAL MAPPING AND TARGETING

Classic's new CEO, Mr Dean Goodwin, completed a detailed geological mapping and targeting exercise over the entire Forrestania greenstone belt in the early/mid 2000's. At the time, the primary purpose of the work was to identify additional sources of high grade gold to feed the Bounty processing plant. The targeting study resulted in a ranking system and the identification of more than 300 exploration targets. A number of the targets Dean identified close to Bounty were tested and eventually mined due to the proximity to the processing plant. However, apart from Lady Ada, all of the "Western Belt's" targets (of which CLZ holds 80% of the gold rights) have remained untouched and undrilled since the study was completed due to changes in ownership and the resulting loss of data/technical reports that come with asset sale transactions and tenement surrenders. This will be the first time in more than 17 years in which the original mapping and targeting study has been re-visited.

Dean Goodwin said:

I'm really excited to be involved again in this highly prospective area. 17 years ago I mapped the Forrestania belt from the Bounty goldmine in the north all the way down to Hatters Hill in the south, around 120km of strike. It took 2.5 years to put the geological and structural story together. During that time, with the help of Southern Geoscience Consultants, we came up with 322 regional gold targets of which Classic has 98 within its tenement holding. None of Classic's targets have ever been drill tested. For me, its unfinished business. I can't wait to get stuck into it.

The Company is planning an aggressive work program with the aim of developing existing gold resources and discovering new high grade gold deposits within its extensive ground holding at the Forrestania Gold Project. Work will include the completion of resource development drilling and resource calculations at Lady Ada and Lady Magdalene, orientated diamond drilling at Lady Magdalene to identify very high grade gold lodes similar to Lady Ada and extensive regional exploration drilling testing high priority exploration targets for new gold deposits. Initial work will focus on the completion of phase 2 resource drilling at Lady Ada and Lady Magdalene. This will facilitate the calculation of a new resource base for the Forrestania Gold Project to 2012 JORC standard.

The region is highly prospective for primary gold mineralisation having yielded more than 1 million ounces of gold extracted to date. Remaining known in-ground resources in the region exceed 2.5 million ounces of gold. Exploration work will focus on testing high priority targets specifically those over favourable host rocks including gabbro, which host the Lady Ada and Lady Magdalene deposits, and banded iron formation, which host the 1 million ounce Bounty Gold Mine. The highest ranked exploration targets within the project area have little or no previous drill coverage.

Following the discovery of the aforementioned deposits at FGP, Dean undertook a detailed geological review and mapping exercise of the project and its surrounds, resulting in the generation of many highly ranked exploration targets in the area.

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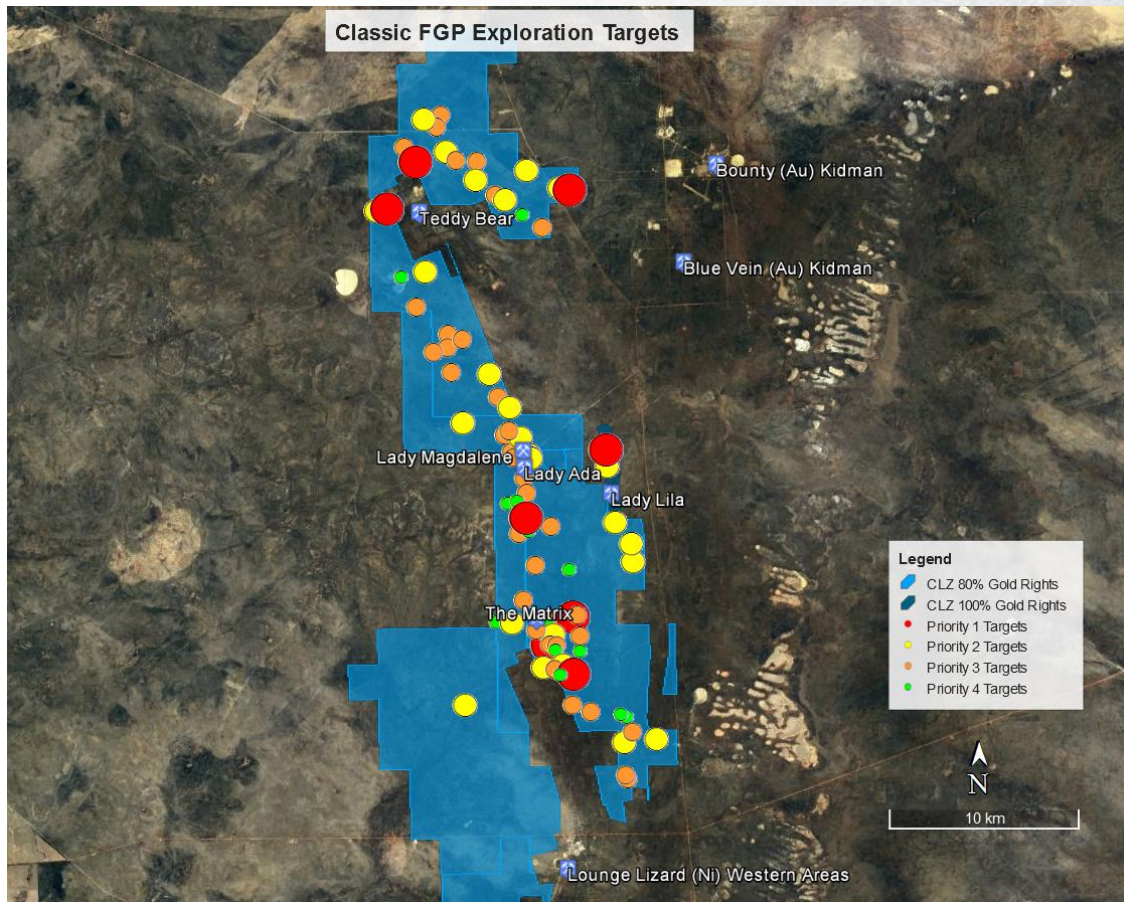


Figure 3: Ranked FGP Exploration Targets

5. LADY LILA DRILLING – ANOTHER BOUNTY GOLD MINE?

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 to 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 4. The present gold mineralisation models indicate a steep easterly dip. 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., Bounty and 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);
- 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 exceptional 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.

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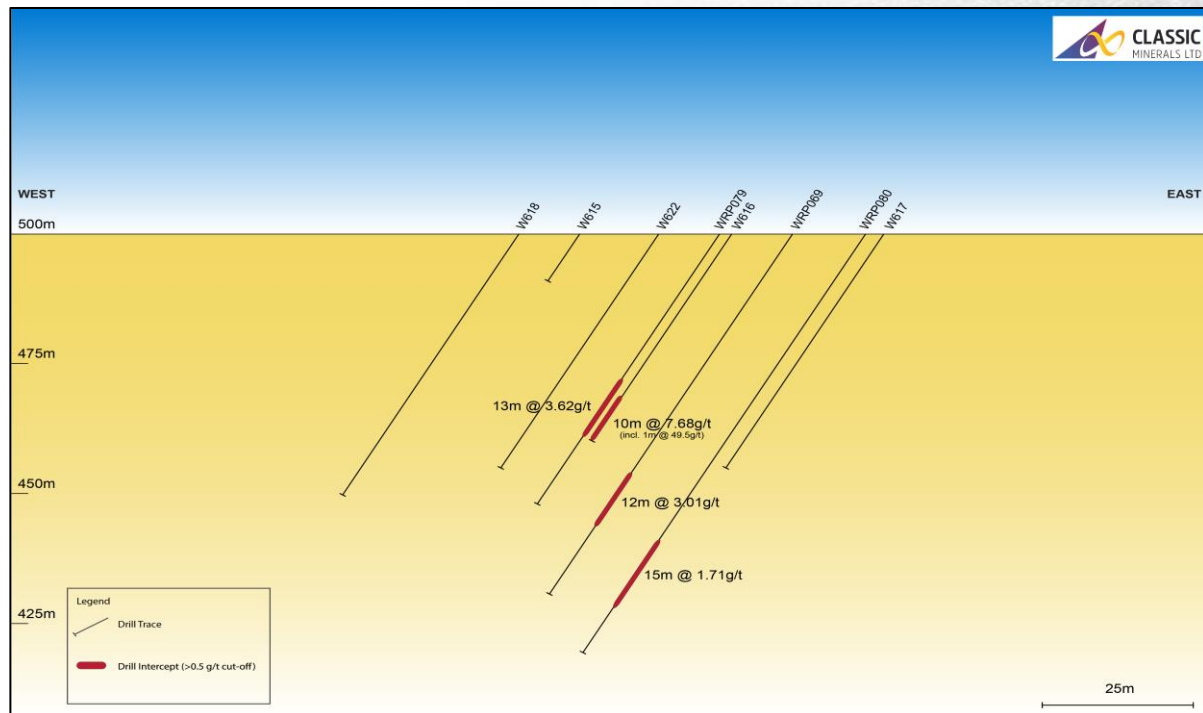


Figure 4 Cross Section Looking North – Lady Lila

6. THE MATRIX – HIGH PRIORITY DRILL TARGET

The Matrix is our highest priority regional target located 9km south along strike from Lady Ada. Its geological and structural framework is almost identical to Lady Ada and Lady Magdalene with a series of highly prospective cross cutting structures.

No historical drilling has occurred at the Matrix. The geochemistry is weaker than Lady Ada and Lady Magdalene and it is the Company's belief that this is a function of the transported cover/overburden being slightly thicker than what is seen over Lady Ada and Lady Magdalene. It wasn't until a magnetic survey was flown in the early 2000's that it became clear that the prospect has a very similar magnetic signature to Lady Ada and Lady Magdalene (significant north/north eastern cross cutting features).

Classic intends to conduct a first phase Air Core/RAB drill program over discrete magnetic features (focusing on cross cutting dykes/structures) at the Matrix as soon as the drill POW has been approved.

Classic considers the Matrix as having the potential to host gold mineralisation due to its similar structural position to the small, high-grade (~9g/t Au) Lady Ada deposit (8km to the north), the large low-grade (1.5Mt @ ~3g/t Au) North Ironcap Resource (4km to the south) and the large high-grade (~4.5g/t Au) Lounge Lizard deposit (12km to the south). A 1000m x 150m >20ppb Au auger soil anomaly overlies the dolerite but stops under cover to the north and west.

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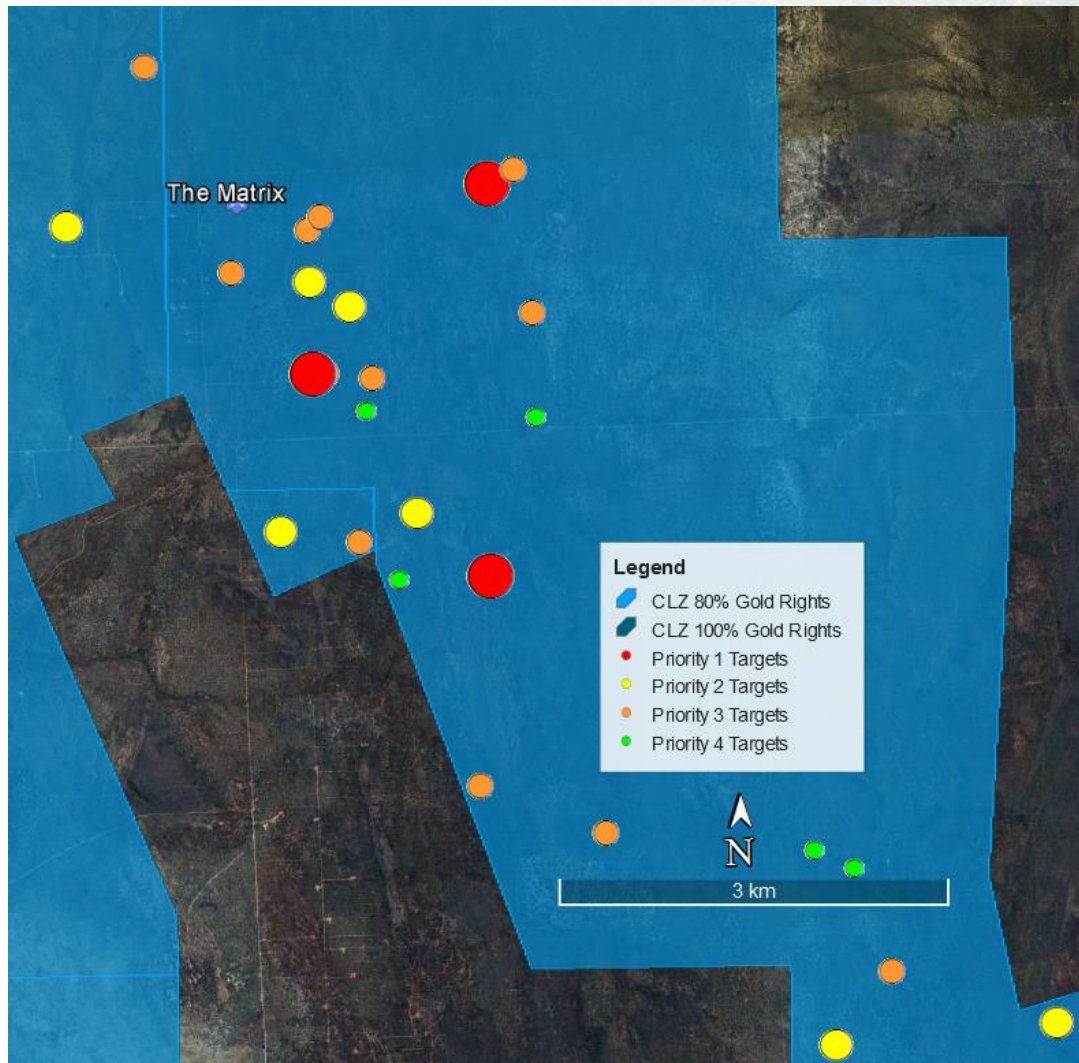


Figure 5 Ranked Targets at the Matrix Prospect

7. NEAR-SURFACE MINERALISATION SURROUNDING TEDDY BEAR

Dean Goodwin and consulting geologist Mr Michael Cowin reviewed the targeting study including an exhaustive review of existing drilling data over the target areas. The pair have identified multiple near-surface anomalous drill intercepts which warrant additional follow up and investigation. A compilation of these results is underway and the Company will update the market shortly with the targets and on-ground exploration programs.

In addition to the anomalous drill intercepts needing follow up, there are magnetic targets in these areas with magnetic signatures similar to Teddy Bear and on the same contact. There are also unusual NNE orientation and complex magnetic lows on the footwall sediment - ultramafic contact.

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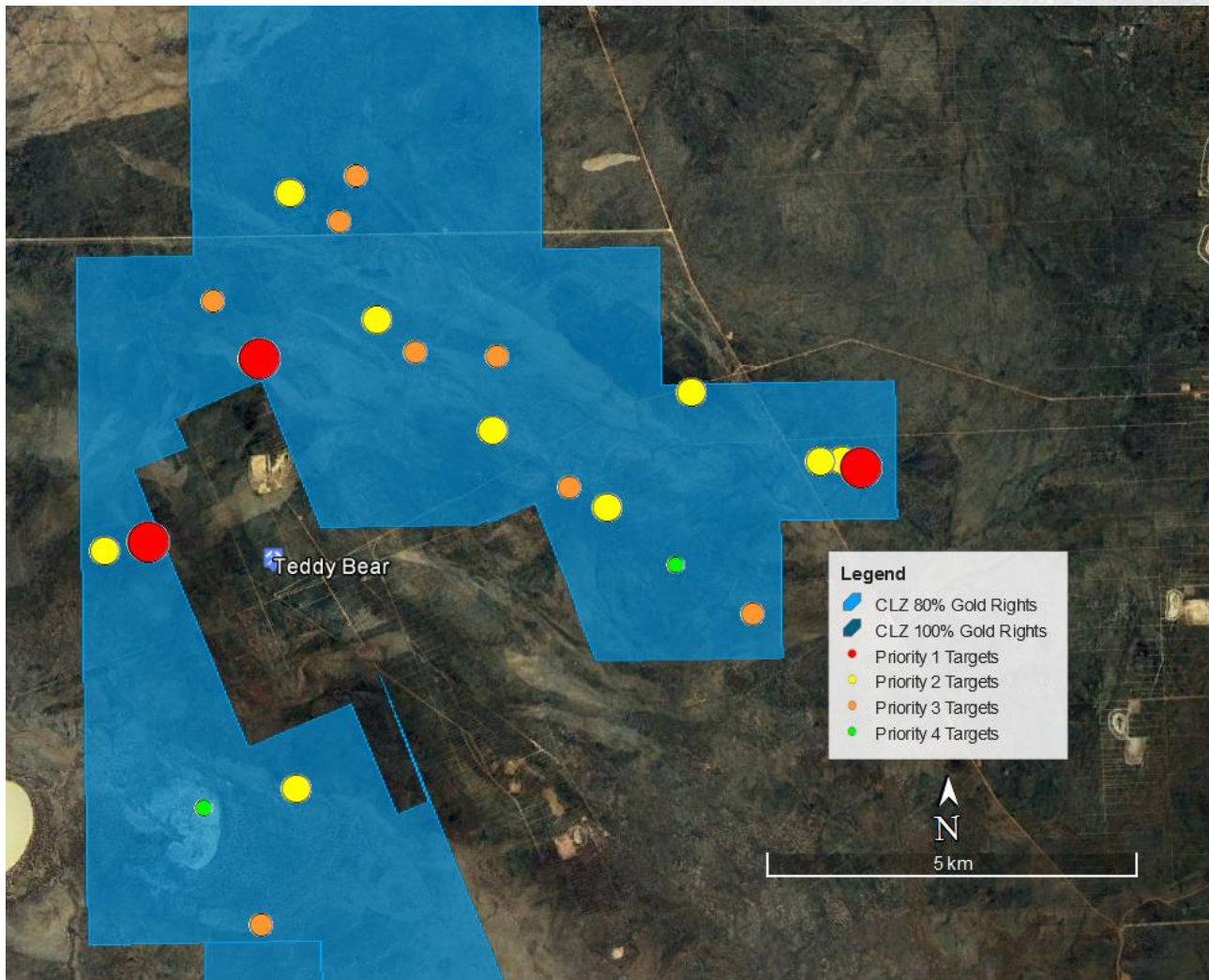


Figure 6 Ranked Targets surrounding the Teddy Bear deposit

8. STEPS FORWARD

Classic has lodged the necessary POW to undertake drill programs at the aforementioned prospects. The Company expects to carry out the following work in sequence:

- Diamond drilling at Lady Magdalene to assist with structural interpretation and targeting high grade lodes within the resource envelope which may be similar to the Lady Ada deposit. This is likely to occur in Q3.
- Air-core/RAB drilling at the Matrix. Comprises broad reconnaissance aircore drilling programs to help define the geology and to provide improved geochemical information. This is likely to occur in Q3. It is highly likely that the results of this 1st phase of drilling will lead to a 2nd phase of reconnaissance aircore drilling in Q4.
- RC drilling program at Lady Lila to commence late Q3. This will be targeting depth extensions at Lady Lila.

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9. CORPORATE ACTIVITIES

Appointment of Dean Goodwin as CEO

The Company is pleased to announce that it has appointed experienced mining industry executive Mr Dean Goodwin BAppSc (Geology), MAIG, as acting Chief Executive Officer of the Company effective immediately.

Mr Goodwin has over 30 years' experience in Australia and overseas across all aspects of the industry including exploration, development and mining operations in the gold and advanced minerals sectors. Dean's previous experience includes acting as Head of Geology at Focus Minerals Limited, a six-year period as Managing Director at Barra Resources Ltd (2004 – 2010) and 2 years as Managing Director at Mt Ridley Mines Limited (2014 – 2016). Dean also spent 6 years as an exploration geologist with Western Mining Corporation and was involved in discovering the Intrepid, Redoubtable and Santa Anna gold deposits at Lake Lefroy with WMC.

In 1994, he joined Resolute Ltd as Senior Exploration Geologist, spending 5 years in Kalgoorlie managing exploration for Chalice, Higginsville, Bullabulling and Bulong projects. In 1999, Dean was appointed as Senior Exploration Geologist with LionOre Limited and whilst at the Bounty Gold Mine operations, was responsible for the discovery of several gold deposits including the high-grade Lady Ada deposit (formerly known as Blue Haze), located within the broader Forrestania Gold Project ("FGP").

Following the discovery of the aforementioned deposits at FGP, Dean undertook a detailed geological review and mapping exercise of the project and its surrounds, resulting in the generation of many highly ranked exploration targets in the area. Importantly, Dean also has a rich history in nickel exploration, including time spent at the helm of Mt Ridley Mines Limited (another Fraser Range explorer) and it is expected that he will bring much needed expertise to continue to explore at the Company's Fraser Range Ni-Cu project.

Mr Goodwin was responsible for discovering some of the key mineralised bodies within FGP and this depth of knowledge and understanding of this particular gold system will be invaluable in the coming months as we revisit some of the high priority exploration targets. Mr Goodwin also qualifies as Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'

Appointment of John Lester as Non-Executive Director

The company is extremely pleased to announce the appointment of senior executive Mr John Lester as Non-Executive Chairman. John has a degree in Physiology from Oxford University and was a member of the institute of Investment Analysts in London.

He started his career as a stockbroker with Joseph Sebag and Co in London specializing in mining companies, including 6 months with Consolidated Goldfields. He joined Jardine Fleming and Company - then Hong Kong's biggest Investment Bank as chief dealer and became a Director of that company.

He was Head of Corporate Finance at Pembroke Securities in Sydney and later moved to Indonesia where he founded a paging company and several satellite and internet companies as well as arranging the underwriting of Jakarta's first publicly listed mining company.

He joined the board of Golden West Resources Ltd and became Managing Director where he was responsible for the company raising more than \$60 million from Asian investors. He was Chairman of Yilgarn Infrastructure Ltd which was a major tenderer for building the Port of Oakajee despite having a fully funded bid with partners including China Rail, China Ports, Sinosteel Ansteel Bank of China and China Exim Bank. He was a founding Director and Chairman of publicly listed International Coal Limited.

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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

10. ABOUT THE FORRESTANIA GOLD 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 FGP 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 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.



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

Additional technical detail on the Mineral Resource estimation is provided, further in the text below and in the JORC Table 1 as attached to ASX announcements dated 14th March 2017 and 21st March 2017.

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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
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

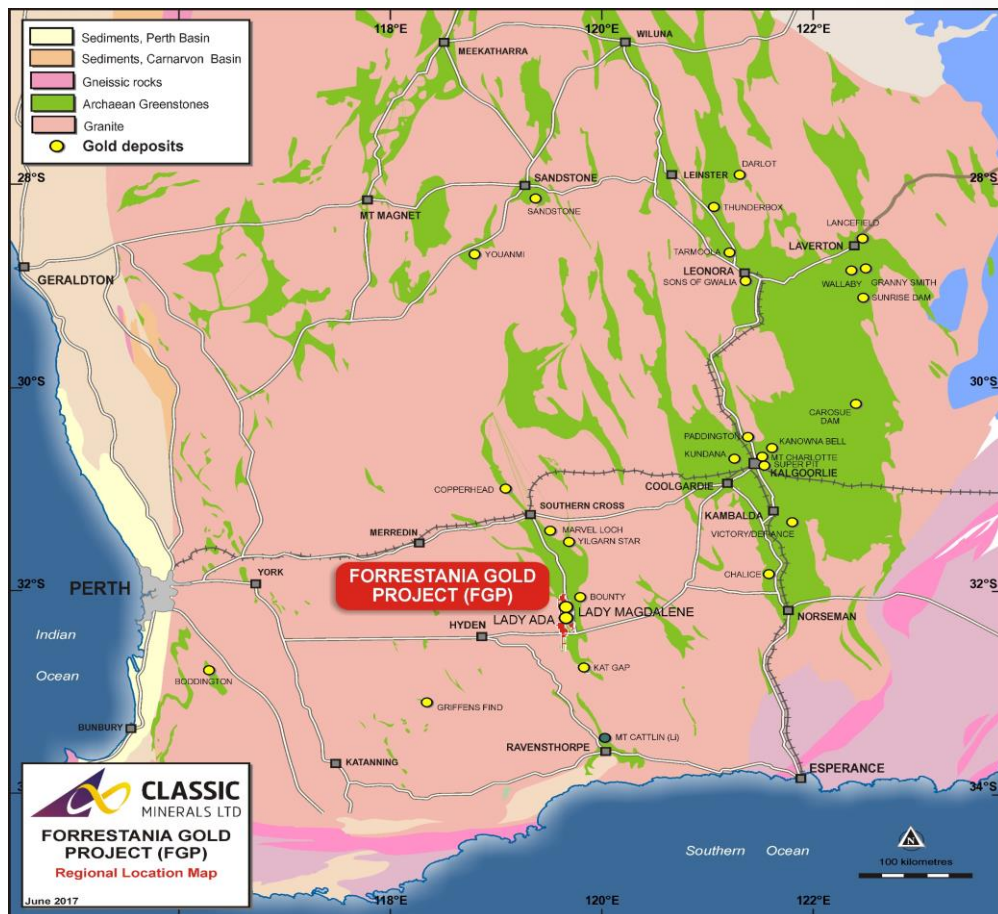


Figure 7: Regional map

On behalf of the board,

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Dean Goodwin
CEO



Follow us on Twitter @ClassicMinerals

Classic Minerals Limited

Phone: (08) 6305 0221
Address: 71 Furniss Road, Landsdale WA 6065
Postal: PO Box 487, Osborne Park WA 6917
Website: www.classicminerals.com.au



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

Competent Person Statement

The information contained in this report that relates to Mineral resources and Exploration Results is based on information compiled by Dean Goodwin, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Goodwin is a consultant exploration geologist with Reliant Resources Pty Ltd and consults to Classic Minerals Ltd. Mr. Goodwin 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. Goodwin consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

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