

## ASX Announcement

ASX: CLZ ACN 119 484 016

20 March 2017

# CLASSIC COMPLETES POSITIVE SCOPING STUDY AT THE FORRESTANIA GOLD PROJECT

RESULTS INDICATE ECONOMICALLY AND TECHNICALLY VIABLE PROJECT WITH UPSIDE JUSTIFYING PROGRESSING TO PRE-FEASIBILITY STUDY

### Highlights:

- Auralia Mining Consulting complete initial Scoping Study at FGP, showing encouraging results.
- Existing Mineral Resources all open pit, free milling gold with high gravity gold recovery.
- Existing ~216K ounce Mineral Resource (Indicated & Inferred), reported in compliance with JORC (2012), with strong exploration upside.
- Open pit mining in 2002 - 2003 produced 95,865 tonnes @ 8.81g/t for 27,146 oz Au.
- Targeting low capital costs via processing through local toll treatment facilities.
- Classic to move onto PFS and exploration drilling in the near future.

Classic Minerals Limited ("Classic" or the "Company") (ASX Code: CLZ) is pleased to advise that it has completed a Scoping Study ("Study") based on the Inferred and Indicated Mineral Resource at its 80% owned Forrestania Gold Project ("FGP" or "the Project"), located approximately 120 km south of Southern Cross, WA and 17 km southwest of the historic Bounty Mine site (mined/current resources of +2.0M oz Au). This Scoping Study refers to the Lady Ada (formally referred to as Blue Haze) and Lady Magdalene (formally Red Haze) deposits.

### Cautionary Statement:

The Scoping Study referred to in this announcement has been undertaken to investigate the order of magnitude of the potential viability of the Mineral Resources. It is a preliminary technical and economic study of the potential viability of the FGP Project. It is based on low level technical and economic assessments that are not sufficient to support the estimation of ore reserves. Further exploration and evaluation work and appropriate studies are required before Classic will be in a position to estimate any ore reserves or to provide any assurance of an economic development case.

The Scoping Study was based on material assumptions including assumptions about the availability of funding. While Classic considers all of the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct or that the range of outcomes indicated by the Scoping Study will be achieved.

To achieve the range of outcomes indicated in the Scoping Study, funding of in the order of up to \$10 million will likely be required. Investors should note that there is no certainty that Classic will be able to raise that amount of funding when needed. It is also possible that such funding may only be available on terms that may be dilutive to or otherwise affect the value of Classic's existing shares.

It is also possible that Classic could pursue other 'value realisation' strategies such as a sale, partial sale or joint venture of the project. If it does, this could materially reduce Classic's proportionate ownership of the project.

Given the uncertainties involved, investors should not make any investment decisions based solely on the results of the Scoping Study.

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The estimated Mineral Resources underpinning the Study have been prepared by a Competent Person in accordance with the requirements in the JORC Code (2012). Classic's study was completed with assistance from the following reputable industry consultant groups; Auralia Mining Pty Ltd (mine design, financial modelling); Entech Pty Ltd (resource review and mining); Australian Resource Consulting Pty Ltd (historical data compilation and review; exploration planning); Martinick Bosch Sell Pty Ltd (MBS Environmental) (baseline environmental, heritage); and Rockwater Pty Ltd (groundwater).

The results of the Study were positive and importantly provide strong encouragement for the Company to commit to the next stage of its exploration and development program.

Managing Director Mr Justin Douth stated:

*Classic decided to accelerate the due diligence process and its own understanding of the FGP Project by engaging experts to assist with a Scoping Study concerning development and mining of the FGP. The results were encouraging and a clearer pathway to development and feasibility work has been mapped out. Classic aims to complete the acquisition of the FGP in the near-term and does not foresee any major issues or reasons as to why shareholders would vote against the proposed transaction. In the meantime, Classic will continue its planning and technical work so that it can hit the ground running as soon as the transaction completes. We see great potential at the FGP for increasing the Resource and rapid mine development leading to Classic becoming a gold producer in the near-term. We are also excited to be partnered with Hannans Ltd who are in turn, supported by major shareholders Neo Metals and Australian Contract Mining – I am sure there are synergies to be explored as we move closer to mining.*

The Mineral Resource was first reported in the announcement of 1 March 2017 and following corrected announcement on 14 March 2017. The Scoping Study was based on both Inferred and Indicated Resources, with Inferred Resources making up 56% of the total tonnes and 63% of total ounces of the Mineral Resource. Because the Inferred Resources make up a fair proportion of the early phases of the proposed mining schedule, the level of confidence that Classic has with regards to the production targets and cash flow is insufficient for those targets to be publicly reported.

In addition, there is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in determination of Indicated Mineral Resources or that the production target itself will be realised.

### **Study Summary**

Auralia Mining Consulting Pty Ltd ("Auralia"), were engaged by Classic to carry out a Scoping Study on its FGP project, producing a high-level indicative mining and processing schedule utilising Whittle shells, inclusive of a high-level financial analysis. Given the level of study, and that Inferred Resources was used as an economic driver, no Ore Reserves can be reported from this Study.

The FGP consists of existing Mineral Resources of 4.8Mt at 1.3g/t for 216,000oz of gold Inferred and Indicated categories). Resources are located directly beneath an existing open pit and within un-mined, near-surface deposits. The Project presents an opportunity for near-term mining operations and production. The Scoping Study was designed to focus on open pit development and processing of the two gold Resources at Lady Ada and Lady Magdalene. The Study supports Classic's aim to complete a Preliminary Feasibility Study and apply for regulatory consents in 2017, with development targeted in 2017/2018.

Discussions with potential toll treatment facilities and contract miners are underway, with Classic expecting to firm up its development schedule and processing options over the coming weeks. There are numerous potential toll

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treatment facilities within trucking distance including Marvel Loch, Edna May, Greenfields (Coolgardie) and Norseman Gold.

### **Scheduling and Open Pit Operations**

The Mineral Resource estimate and digital block models provided to Auralia by Classic were completed for the previous owner of the Project in March 2016 and were classified and reported in accordance with the JORC Code (2012). A dominant part of the Resources within the two deposits was classified as Inferred Mineral Resources.

Optimisations were undertaken by Entech with the results (data outputs and optimised pit shells) provided to Auralia. The data provided to Auralia was assumed to be complete and without omission, the inputs were reviewed by Auralia to assess their validity.

Mining operations for the Project are envisaged to utilise a standard truck and shovel configuration using a 100t Excavator (Komatsu PC1250 or similar) paired with 90t rigid body dump trucks (Cat 777 or similar). Ramp parameters used throughout the pit designs could allow single-lane traffic flow with passing bays located at each berm (every 10 or 20m vertically).

Specific waste dumps and ROM pads have not been studied at this stage, it is envisioned that the existing waste dump from the Blue Haze operation will be expanded to hold the Lady Ada waste, while a new waste dump will be constructed for the Lady Magdalene pit.

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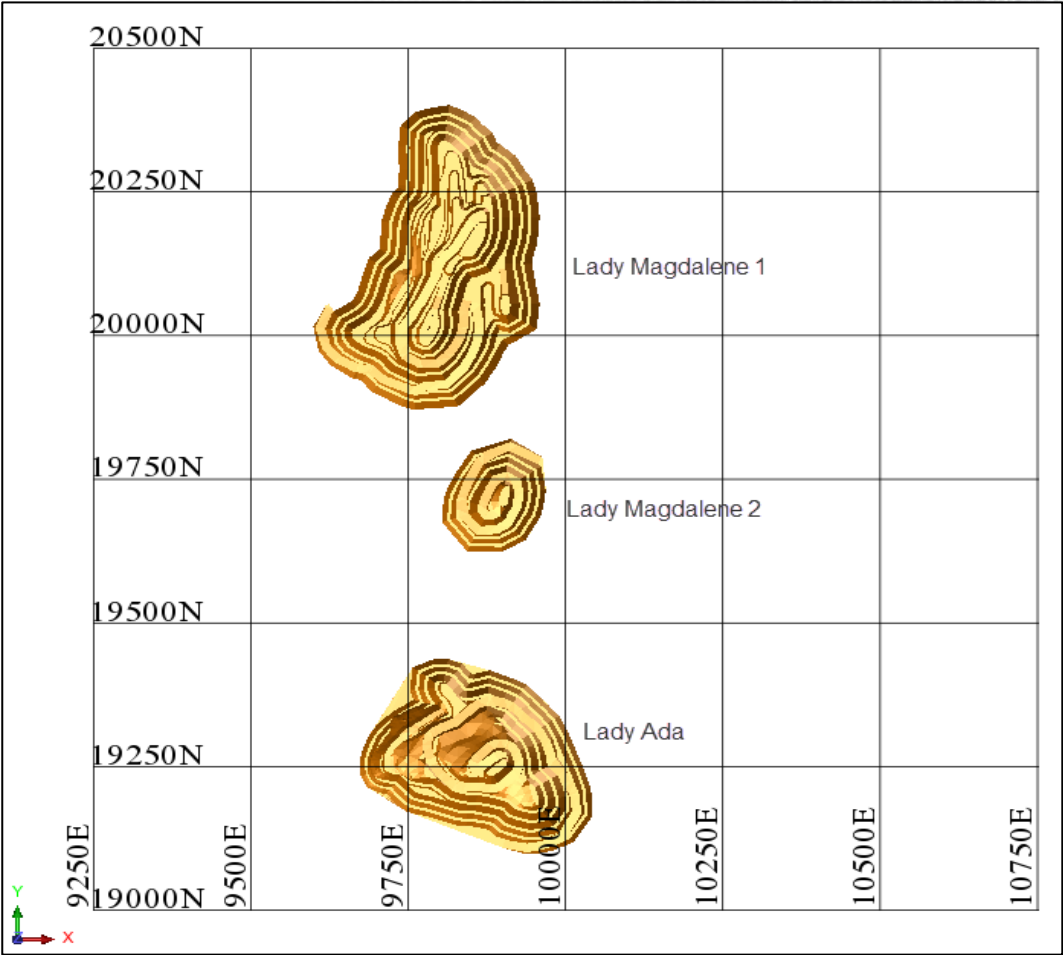


Figure 1 –Optimised Pit Shells as Designed by Auralia

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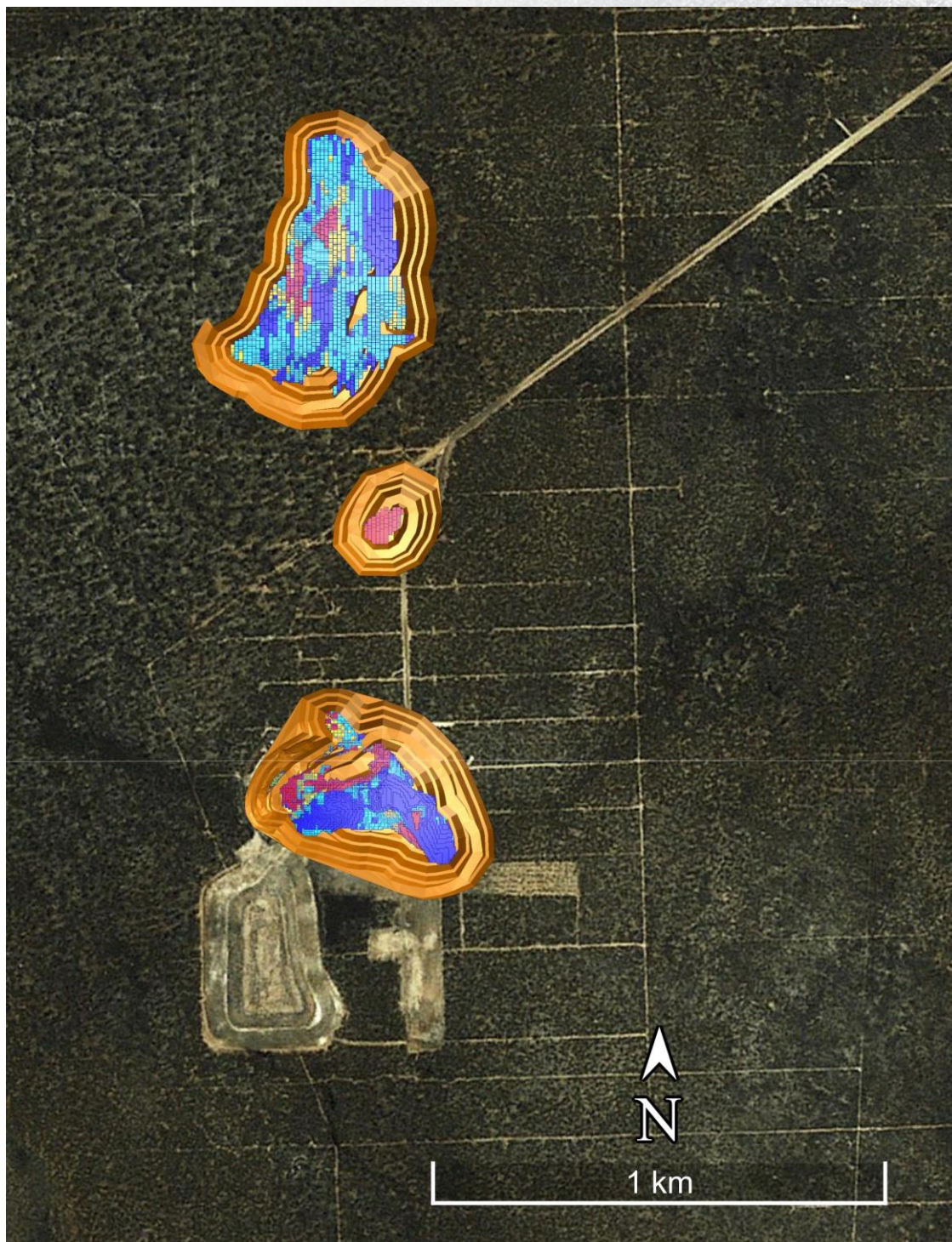


Figure 2 –Optimised Pit Shells as Designed by Auralia overlain on google earth Figure 2 –Optimised Pit Shells as Designed by Auralia overlain on google earth, colour grading index for blocks shown in Figures 3 & 4

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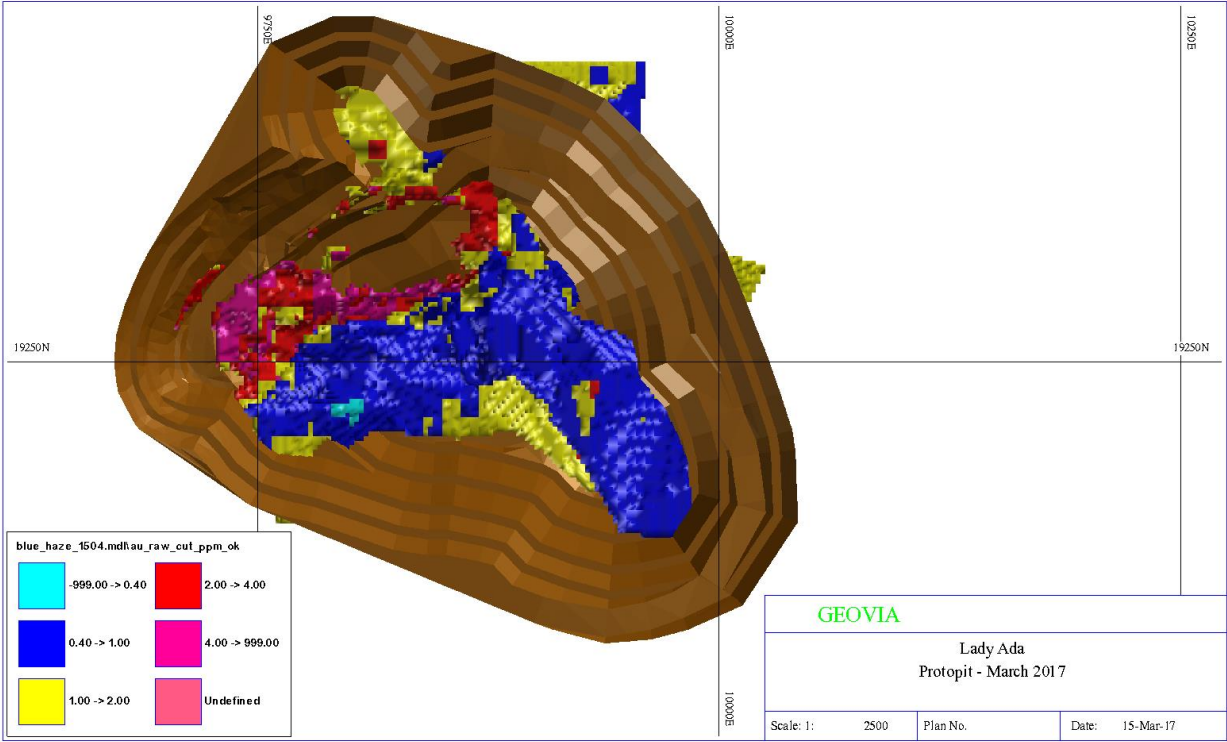


Figure 3 – Plan view of Optimised Lady Ada pit shell and Resource model.

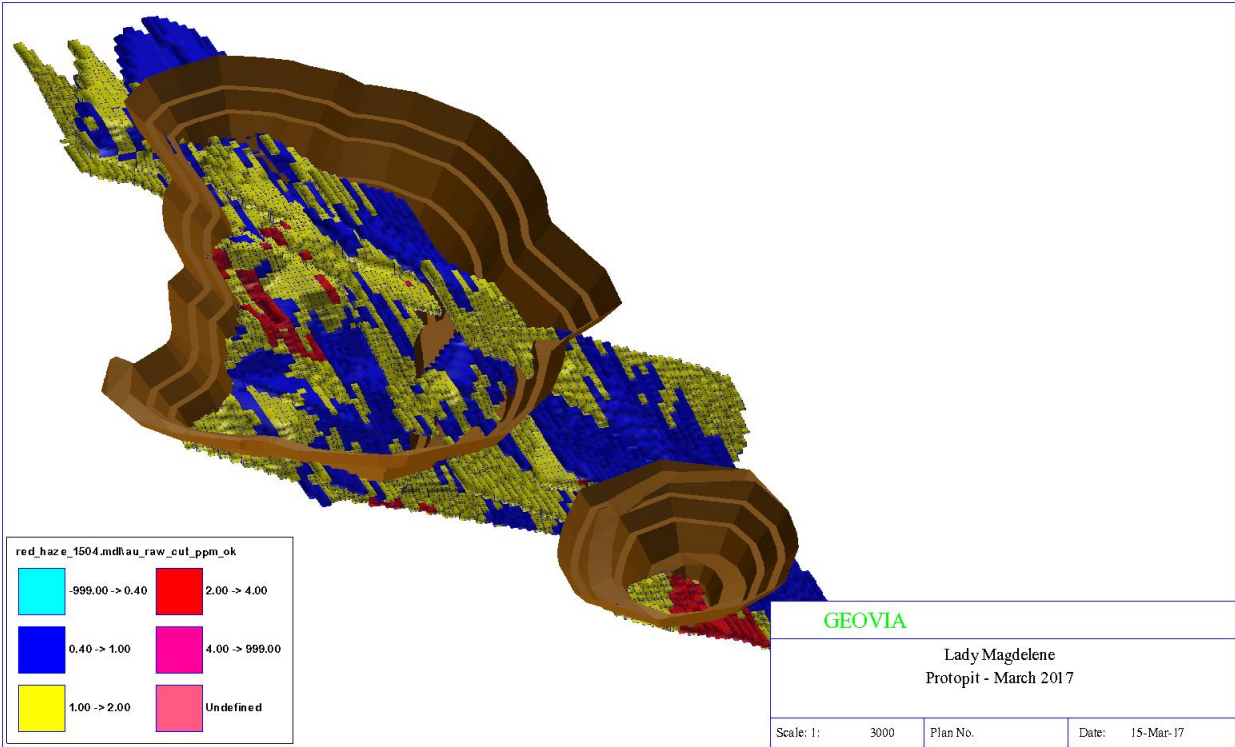


Figure 4 – View towards NNE at 30 dip showing optimised Lady Magdalene pit shell and Resource model

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The Lady Magdalene proto pit was determined to likely have comparatively low “pre-strip” requirements, and could be the first focus of mining operations, to access sufficient material to meet the required processing throughput. There would be a five-month pre-strip period during which time only small parcels of material would be scheduled for mining. The delay in processing would allow the estimated throughput rate to be achieved from first material delivery. After a relatively short period from the start of the mining operations, there could be sufficient material available to allow production to commence in the Lady Magdalene 2 pit, and subsequently the Lady Ada pit. With production split between the Lady Magdalene 1 pit and the two other higher strip ratio pits, mining targets could potentially be achieved at a fairly constant strip ratio.

### **Comments and Next Steps for Classic at FGP**

The immediate focus now 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 Q2 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.

Classic will also aim to release a more detailed summary of the Scoping Study outcomes, including economic/production outcomes over the coming 2 weeks.

The exploration program over the next 12 months will include:

- Infill and extension drilling to upgrade the Lady Ada and Lady Magdalene Resource area;
- Comprehensive metallurgical test work to optimise plant design;
- Exploration drilling of gravity targets;
- Additional environmental flora and fauna surveys (if required), and characterisation of waste and tailings material required for development approval; and
- Structural geology to interpret the regional structure and its controls on mineralisation.
- Geotechnical and hydrogeological studies and testwork.

On behalf of the board  
Justin Douth  
Managing Director

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### Competent Persons Statement

*The information contained in this report relates to information compiled or reviewed by Edward S. K. Fry who is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) and is a consultant exploration geologist for the company. Mr. Fry has sufficient experience of relevance to the styles of mineralisation and the types of deposit under consideration, and to the activities undertaken to qualify as Competent Persons as defined in the 2012 edition of the "JORC Australian 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 information in the form and context in which it appears.*