

ASX Announcement

29 September 2017

CLASSIC MINERALS: FUNDING UPDATE

CLASSIC SECURES MULTIPLE SOURCES OF FUNDING TO FACILITATE ONGOING EXPLORATION AT ITS FORRESTANIA GOLD PROJECT

Highlights:

- Funding agreement with Radium Capital
- 2017 R&D Rebate to be Lodged with ATO
- Stock Assist Group Standby Subscription Agreement Limit Increased to \$5M AUD
- Finance Facilities to Enable Ongoing Drilling and Exploration Works at FGP
- Classic in discussions with 3rd parties regarding investment and project finance for FGP



Figure 1: Example of visible gold in rock samples taken from around the Lady Ada deposit (see announcement released 12 September 2017)

I. INTRODUCTION

Classic Minerals Ltd ("Classic" or the "Company") is pleased to announce that it has secured a number of finance options to assist in its planned activities at its flagship Forrestania Gold Project in Western Australia.

ASX Announcement

29 September 2017

2. FUNDING SOLUTION WITH RADIUM CAPITAL

Classic is pleased to announce that it has reached an in-principle funding agreement with innovative specialist funder Radium Capital (Radium).

Under the terms of the engagement Radium could facilitate 80% (Eighty per cent) of the expected refund resulting from each quarters R&D expenditure.

Should parties proceed, this means that Classic will be able to receive, in advance, the vast majority of the expected R&D refund every quarter and thereby improve cash flow to continue the resource definition at its Forresteria Gold Project (FGP).

The other conditions for the funding are that Classic's expenditure and refund be verified by a Radium Network Accounting Firm; the tax liabilities of Classic be duly verified and proper authentication of directors and related parties be conducted. The advances made to Classic will attract an interest rate of 15% p.a. (Fifteen Per Cent Per Annum).

In concluding the agreement, Justin Douch, Managing Director of Classic thanked David Weir, of Radium Capital, for their support and belief in Classic; and projected that the FGP resource delineation would require additional working capital and that he expected the R&D refund for financial year 2018 could be over \$ 2,000,000.00.

Mr David Weir, stated that Radium had found a niche in the market and they were happy to support forward looking and serious companies grow. Radium, he said, had secured an initial funding pool of \$ 125 Million from a US based fund to deploy specifically into the Australian market.

3. R&D REBATE TO BE LODGED WITH ATO

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

4. STANDBY SUBSCRIPTION AGREEMENT LIMIT INCREASE

Classic is also pleased to announce that its Standby Subscription Agreement (Facility) with Melbourne based capital firm Stock Assist Group Pty Ltd (as announced on 30th September 2016) has been amended by parties to increase the available facility from \$1,000,000 to \$5,000,000 effective immediately.

Under the Facility, the investor agrees to subscribe for shares if requested by the Company subject to the terms and conditions of this Facility. The Company need not use the Facility, however, if the Company wants to use the Facility, it may do so by one or more drawdowns at any time over the next 4 years. Under the Facility the Company may give a Drawdown Notice to the Investor for funds to be received within 2 business days. Unless otherwise agreed between the Company and Investor, the payment of subscription moneys and issue of Shares on a Drawdown Date will be effected in accordance with the ASX listing rules.

ASX Announcement

29 September 2017

5. DISCUSSIONS WITH POTENTIAL INVESTORS AND PROJECT FINANCIERS CONTINUING

Classic is also pleased to announce that it is making progress with a number of reputable 3rd parties in regards to:

- Making a cornerstone investment in Classic Minerals;
- Investment in the FGP at a project level; and
- Providing project finance for the FGP once certain development milestones are met.

Classic is very happy with the increasing interest at a Corporate and Project level and will keep the market informed of further developments in this space.

6. ONGOING WORK AT THE FORRESTANIA GOLD PROJECT

Following the completion of Phase 2 Drilling (see announcement released 12 September 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 new JORC Resource estimations following Phase2 drilling
- Incorporation of any increased JORC Resource into revised scoping study/PFS
- Drill Program at Lady Lila to increase resource size and improve confidence with eventual goal of incorporation into FGP mine plan/scoping study
- Drill Program at Kat Gap 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

The aforementioned financing options will greatly assist Classic in reaching its objectives and carrying out its aggressive exploration and development activities at FGP.

7. 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.

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.

ASX Announcement

29 September 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

On behalf of the board,

Justin Douch
Managing Director



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

