

Calidus Resources Ltd (CAI ASX)

14 November 2018

Stock Data

Share Price:	A\$0.032
Market Cap (M):	A\$45.4
EV (M):	A\$39.2

Price Chart

52 Week Range

A\$0.025	A\$0.032	A\$0.049
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Company Summary

Calidus Resources is the spin out of the Australian gold assets in Keras Resources. It is currently exploring the Warrawoona Gold district where it has consolidated a previously fragmented historic gold mining district.

MAIN SHAREHOLDERS HOLDING

Keras Resources	35.4%
HSBC Custody Nominees	10.1%
Novo Resources (TSX NVO)	4.4%
JP Morgan Nominees	3.5%
Citicorp Nominess	1.6%

Source: Calidus Resources & Bloomberg

Peter Rose

Tel: +44 (0)20 3463 5034

Peter.Rose@brandonhillcapital.com

www.brandonhillcapital.com

Calidus Reports Further High-Grade Drilling Results Across Warrawoona

Event

Calidus Resources ("Calidus") has released the latest high-grade drilling results from the St George Shear and Klondyke East prospects confirming extensions to the current Resource area at its Warrawoona Gold Project in WA. These results are part of a resource infill and extension programme, aiming to expand the current 712,000 oz resource to underpin the commencement of a pre-feasibility study in 2019.

Highlights

Significant intercepts during infill drilling of high grade zone at St George:

- 18SGRC031 6m @ 7.61 g/t gold from 16m, including 1m @ 40.64g/t
- 18SGRC032 8m @ 5.64 g/t gold from 44m, including 1m @ 11.03g/t, 1m @ 13.05g/t & 1m @ 10.95g/t
- 18SGRC047 14m @ 1.77 g/t gold from 35m,
- 18SGRC050 2m @ 10.23 g/t gold from 91m, including 1m @ 18.91g/t

Significant intercepts during infill drilling of Klondyke East

- 18KLRC152 2m @ 20.84 g/t gold from 88m including 1m @ 40.51g/t
- 18KLRC148 6m @ 3.82 g/t gold from 93m
- 18KLRC172 15m @ 0.97 g/t gold from 66m including 1m @ 40.51g/t
- 18KLRC157 2m @ 7.29 g/t gold from 97m
- 18KLRC158 1m @ 10.79 g/t gold from 2m

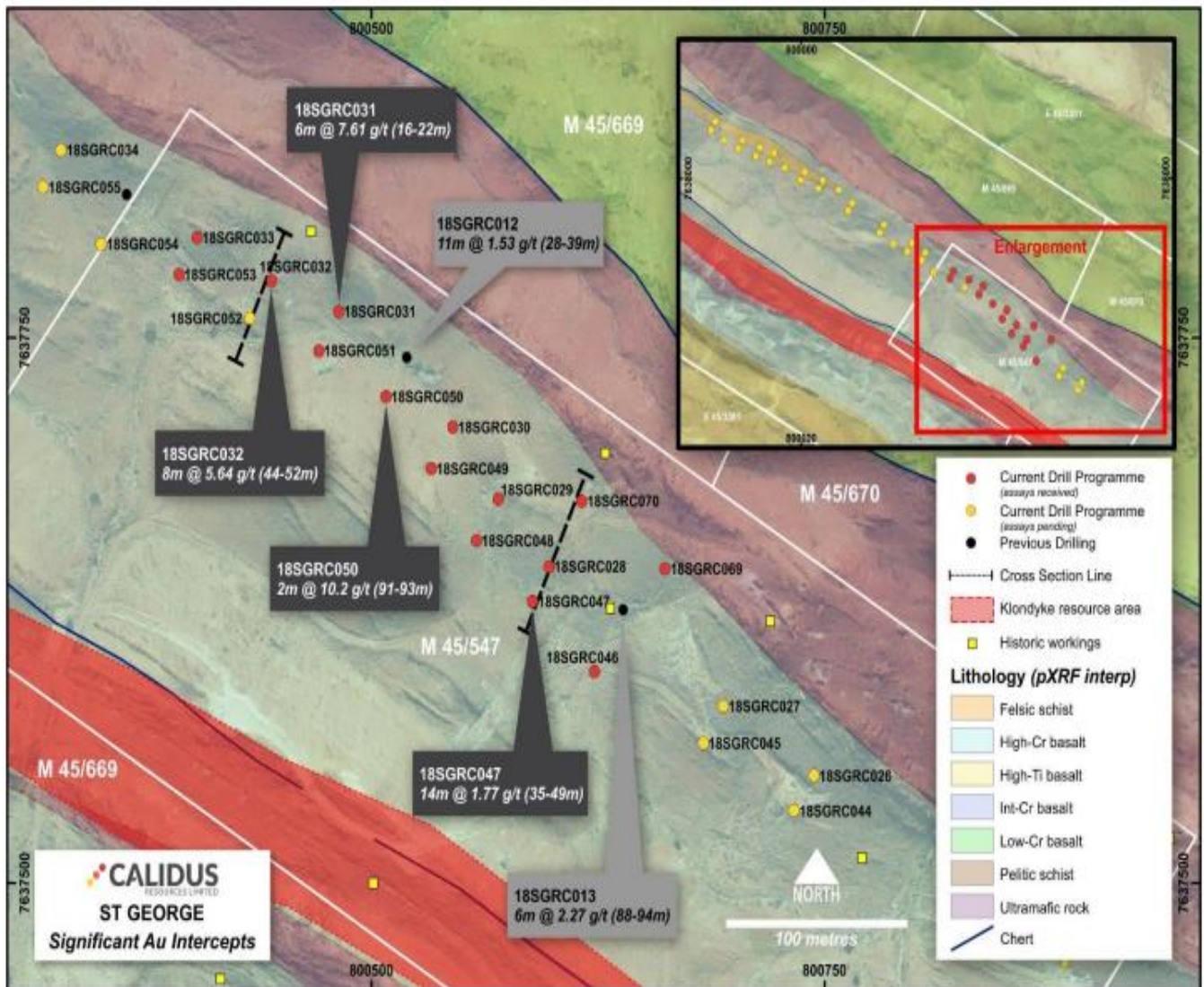
Comment

These are another very impressive set of intercepts. Not only are they high grade, when compared to the Klondyke average grade, but they are also very shallow. The holes into the St George shear were drilled at an angle of 60 degrees so the deepest depths are around 60m. Very open pittable. With the St George shear being only 150m north of the Klondyke shear and dipping to the south, there is synergy in developing both shears together as the stripping for one will reduce the stripping for the other. In addition there are at least 2 other shears, the Brockman and Fieldings Gully that are currently known but relatively unexplored.

The diamond drilling under the current Klondyke pit design are yielding visible gold, suggesting grades of 10g/t or better and as a consequence the assay technique has had to be changed from fire assays to screen fire assays resulting in a longer turnaround time. However, if these grades are as good as we believe, it gives Calidus the option of going underground early.

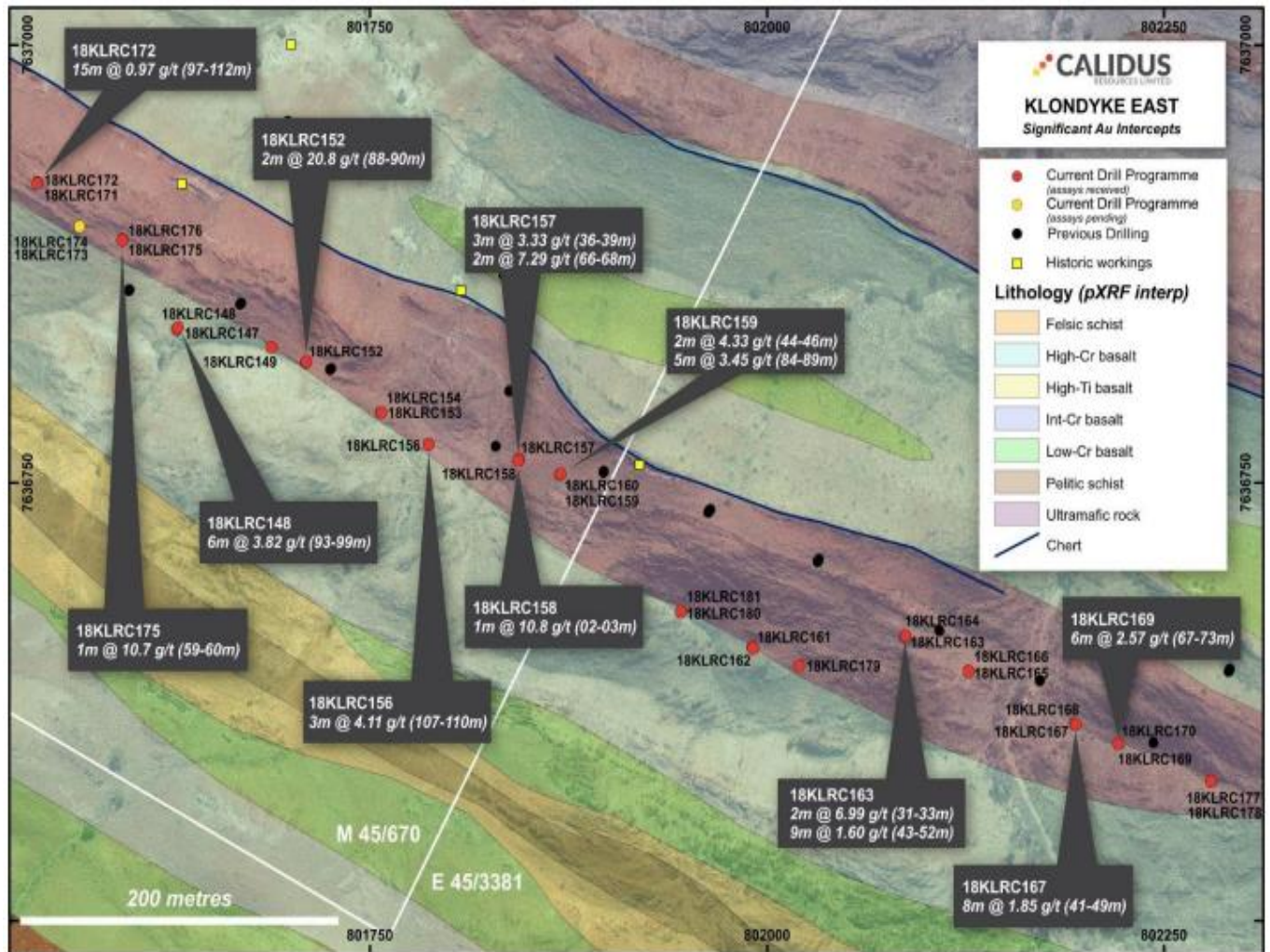
All the planned RC drilling is now complete although there are assays pending for some of the holes and the 22 diamond drill holes which will all feed into the updated resource calculations to be released in early 2019. BHC expects this new resource figure to be well north of 1M oz and probably a higher overall grade than the current 2.11g/t. A soil geochemistry programme is planned to commence this week infilling and extending a number of gold-in-soil anomalies across the ~550km Warrawoona tenure.

Figure 1: St. George Shear RC drillhole location plan showing Klondyke resource outline



Source: Calidus Resources

Figure 2: Klondyke East RC drillhole location plan showing interpreted geology and significant intercepts.



Source: Calidus Resources

Research Disclosures

Peter Rose

Peter has 32 years' experience in equities as a resources analyst; he has been at Brandon Hill Capital for 10 years, after having spent 11 years with Deutsche Bank in Australia. Prior to this he spent 2 years with Prudential Bache and 6 years with James Capel. Peter's industry experience includes 16 years as a metallurgist, 3 years with De Beers in South Africa and 9 years in the uranium industry, six of which were spent at the Ranger Uranium mine. Peter holds a BSc degree in Applied Mineral Science from Leeds University UK and a Bachelor of Commerce from the University of South Africa. Peter is also a member of the Institute of Materials, Mining & Metallurgy and a chartered engineer.

Tel: +44 (0)20 3463 5034

Peter.Rose@brandonhillcapital.com

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Sell	Recommendation implies that expected total return expected over 12 months between current and analysts' target price is negative.

Research Disclaimers

Research disclosure as of 14 November 2018

<u>Company Name</u>	<u>Disclosure</u>
Calidus Resources Limited (CAI ASX)	1, 2, 7, 8, 9

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Brandon Hill Contact List

International Sales

Oliver Stansfield

Tel: +44 20 3463 5061

Email: oliver.stansfield@brandonhillcapital.com

Corporate Finance & Broking

Jonathan Evans

Tel: +44 20 3463 5016

Email: jonathan.evans@brandonhillcapital.com

Wei Jiao

Tel: +44 20 3463 5019

Email: wei.jiao@brandonhillcapital.com

Research

Peter Rose

Tel: +44 20 3463 5034

Email: peter.rose@brandonhillcapital.com

Robert Beenstock

Tel: +44 20 3463 5023

Email: robert.beenstock@brandonhillcapital.com

Enzo Aliaj

Tel: +44 20 3463 5026

Email: enzo.aliaj@brandonhillcapital.com