

MINING FLASHNOTE

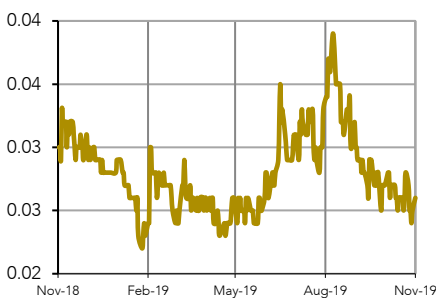
Calidus Resources Ltd (CAI ASX)

04 November 2019

Stock Data

| | |
|-----------------|----------|
| Share Price: | A\$0.026 |
| Market Cap (M): | A\$55.8 |
| EV (M): | A\$51.6 |

Price Chart



52 Week Range

| | |
|----------|----------|
| A\$0.04 | A\$0.026 |
| A\$0.021 | |

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 | 30.5% |
| Alkane Resources (ASX ALK) | 13.0% |
| Novo Resources (TSX NVO) | 3.1% |

Source: Calidus Resources & Bloomberg

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Calidus Announces More Shallow. High-Grade Intercepts in planned Open Pit at Klondyke

Event

Calidus Resources ("Calidus") has announced another series of wide and shallow results from the resource conversion drilling program at its Warrawoona gold project in WA's Pilbara Region, with visible gold in diamond drilling below the planned pit.

Highlights

Significant intercepts were:

- 19KLRC270 12m @ 5.58g/t from 12m
- 19KLRC266 15m @ 4.33g/t from 6m
- 19KLRC264 6m @ 5.12g/t from surface
- 19KLRC261 6m @ 5.11g/t from 18m
- 19KLRC237 5m @ 4.25g/t from surface

Comment

The planned RC drilling campaign has now been completed with a total of 88 holes drilled representing 3,860m. Assays from the final 28 holes are pending and will be announced as received. The results of the first 60 holes have shown excellent results. The holes have intercepted wide, high grade mineralisation at shallow depths. Many of the results are above the average grade for the open pit which is 1.4g/t indicating potential to both add ounces to the resource and increase the grade. Further, some of the intercepts are from surface, and others very shallow, suggesting that the open pit will be in ore from day one.

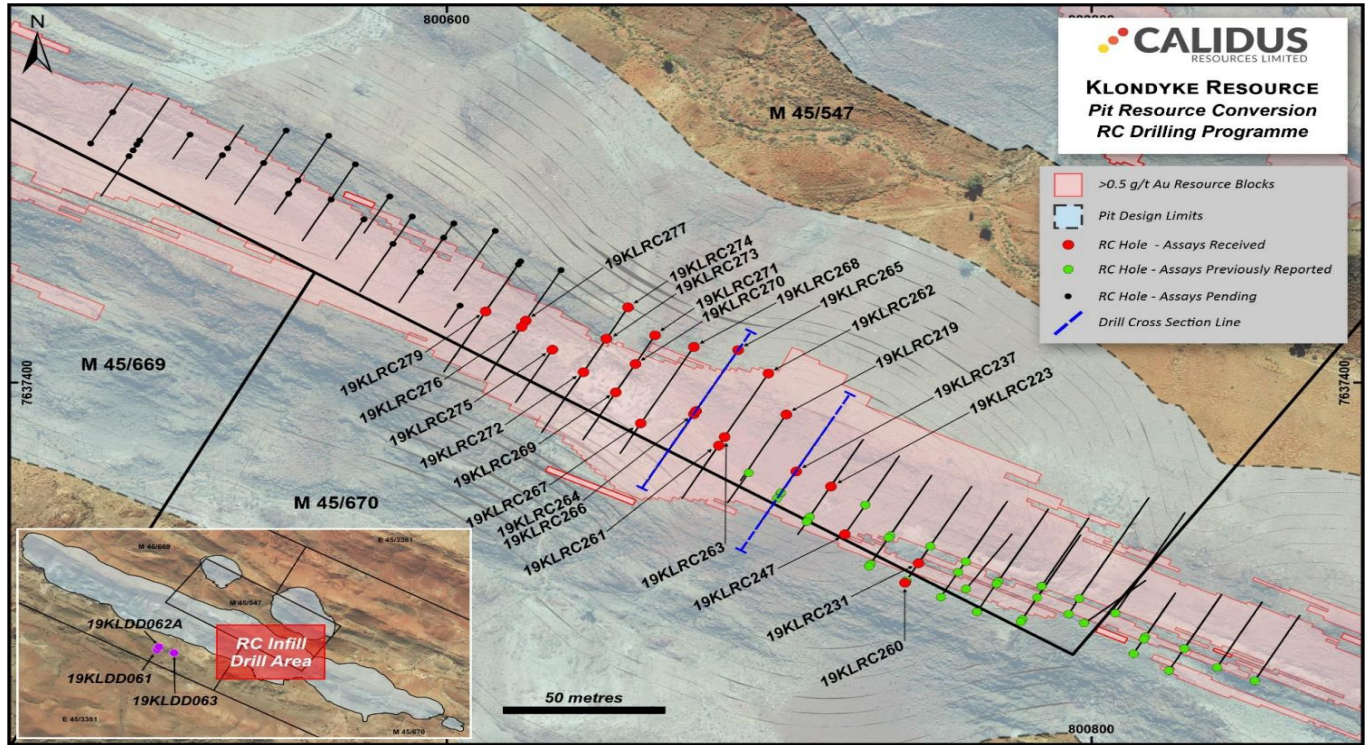
A programme of diamond core holes is also ongoing testing the down-dip extension potential of Klondyke mineralisation to accelerate conversion of Inferred resources to Indicated as part of the development work around a potential underground operation. To date 17 holes representing 2,017 m have been drilled with details to be released once geological logging and sampling is completed and assay results subsequently received.

However, company geologists have observed multiple occurrences of visible gold-bearing mineralisation during the geological and structural logging process in three core holes from the current programme thus far. One occurrence of visible gold was observed in each of diamond core tails 19KLDD061 and 19KLDD063, with three occurrences observed in 19KLDD062A.

This is extremely positive as it demonstrated the down dip potential to add ounces to the proposed underground development below the open pit and the auriferous vein from 19KLDD062A displays tight isoclinal folding, which is repeated across the Klondyke project area. These tight isoclinal folds indicate that the sequence at Klondyke may not be stratigraphic but may

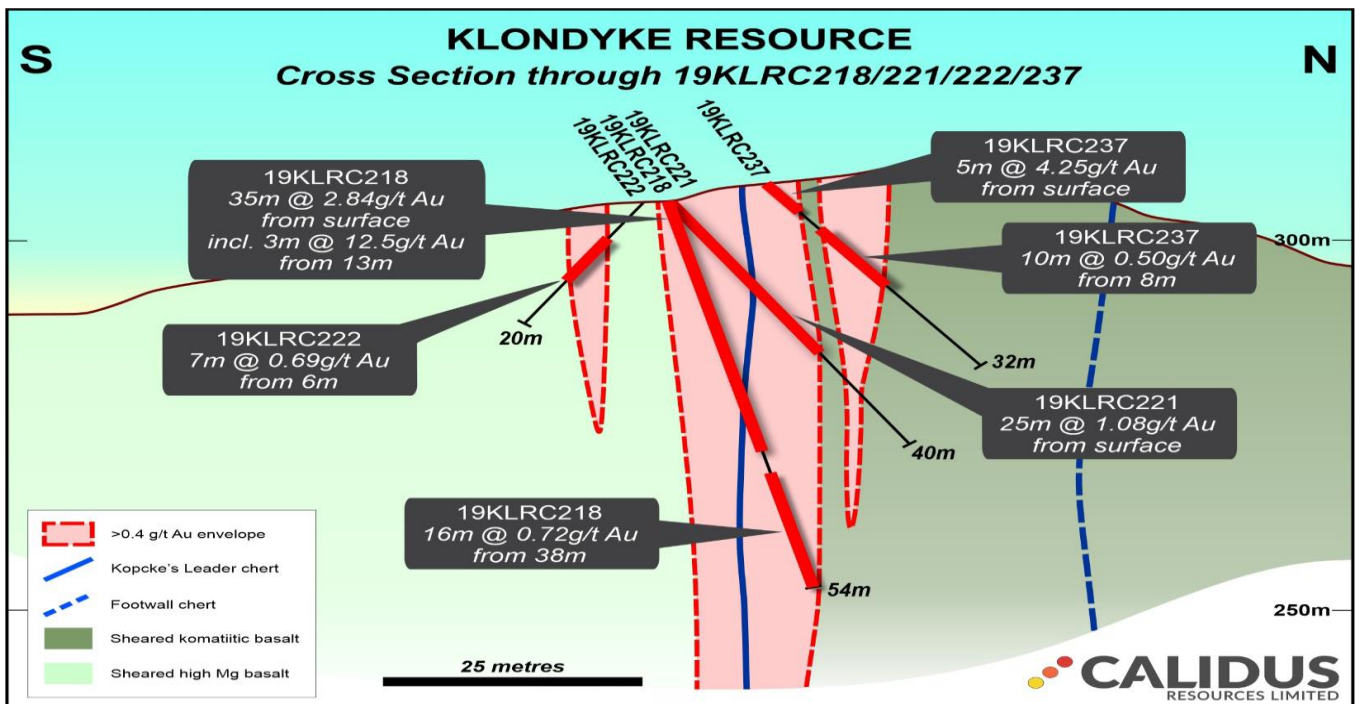
include significant bedding-parallel deformation and possible structural repetition of sequence. Implications for exploration include a possibility that the Kopcke's Leader chert marker horizon is structurally repeated in the Warrawoona gold camp.

Ehibit 1: Klondyke Resource Conversion Planned Drill Hole Locations including the location of the 3 diamond drill holes mentioned above



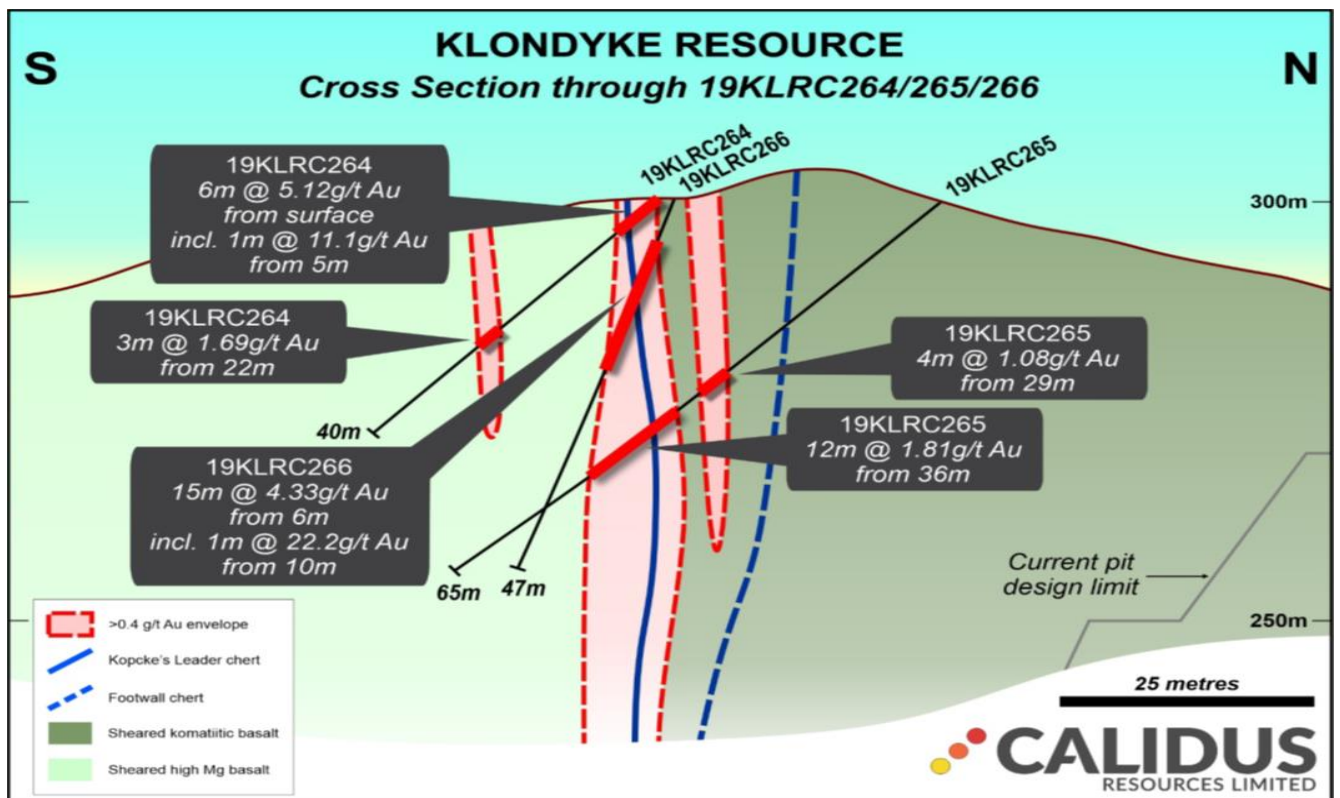
Source: Calidus Resources

Exhibit 2: Klondyke Cross-Section through 19KLRC218/221/222/237



Source: Calidus Resources

Exhibit 3: Klondyke Cross-Section through 19KLRC218/221/222/237



Source: Calidus Resources

Research Disclosures

Peter Rose

Peter has 33 years' experience in equities as a resources analyst; he has been at Brandon Hill Capital for 12 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.

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|---------------------|--|
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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 04 November 2019

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

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