

MINING FLASHNOTE

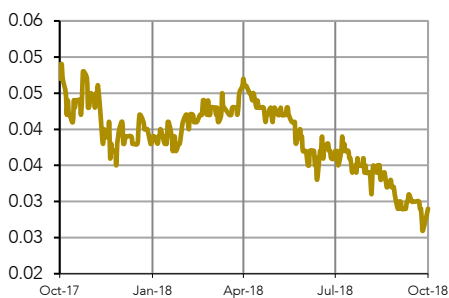
Calidus Resources Ltd (CAI ASX)

17 October 2018

Stock Data

| | |
|-----------------|----------|
| Share Price: | A\$0.029 |
| Market Cap (M): | A\$37.5 |
| EV (M): | A\$31.4 |

Price Chart



52 Week Range

| | | |
|----------|----------|--|
| A\$0.025 | A\$0.029 | |
| A\$0.051 | | |

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

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Calidus Introduces Strategic Investor and Is Now Fully Funded to Complete Feasibility Studies

Event

Calidus Resources ("Calidus") has announced a strategic placement of 125M shares at an issue price of 2.95c/share to Alkane Resources Ltd (Alkane) (ASX:ALK) to raise proceeds of approximately \$3.7M.

Comment

Following this placement, BHC estimates that Calidus has approximately A\$7M of cash on hand. (A better understanding of the cash position will be available in 2 weeks when the September 2018 cashflow statement is released.) These funds should provide sufficient funding for the Company to complete the upcoming resource update and pre-feasibility study (PFS). A strategic technical alliance is also formed with a shareholder with operating experience (via Alkane's Tomingley Gold Operation).

In addition, Calidus is issuing Alkane 70M free-attaching unquoted options, exercisable at 3.5c each on or before 1 November 2019. This has the potential to bring another \$2.45M of funds into the Company if exercised.

The current exploration programme has further 4 to 6 weeks to run and this will lead to an updated resource statement. The pre-feasibility study is expected to commence once the resource upgrade is complete.

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.

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| | |
|---------------------|--|
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| Hold | Recommendation implies that expected total return of between 15% and zero is expected over 12 months between current and analysts' target price. |
| Trading Sell | Recommendation implies that the analysts' expected total return over the short term compared against the target price is negative. |
| 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 17 October 2018

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

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