

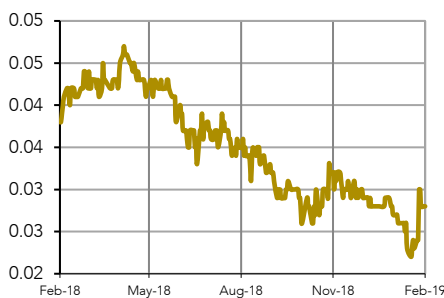
Calidus Resources Ltd (CAI ASX)

12 February 2019

Stock Data

Share Price:	A\$0.028
Market Cap (M):	A\$39.7
EV (M):	A\$33.6

Price Chart



52 Week Range

A\$0.021	A\$0.028
A\$0.049	

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

MAIN SHAREHOLDERS	HOLDING
Keras Resources	32.3%
Alkane Resources (ASX ALK)	10.2%
Novo Resources (TSX NVO)	4.0%

Source: Calidus Resources & Bloomberg

Peter Rose

Tel: +44 (0)20 3463 5034

Peter.Rose@brandonhillcapital.com

www.brandonhillcapital.com

Calidus Grows Ore Resources by 75% to 1.25M oz

Event

Calidus Resources ("Calidus") has announced that it has substantially increased the ore resources at the Warrawoona Gold Project to 1.25M oz contained in 21.2Mt grading 1.83g/t.

Highlights

The new resource is 21.2Mt grading 1.83g/t gold and containing 1.25M oz. Within this resource, there is a high grade component of 14.6Mt grading 2.37g/t and containing 1.1M oz.

Comment

This is a good result for Calidus with 63.6% of the new resource being in the Indicated Category. The 21.2Mt resource uses a cut-off grade of 0.5g/t above 100m RL and 2g/t below 100m RI. The high grade component uses a 0.8g/t cut-off above 100m RI and a 2g/t below 100m RI.

Drilling has finished for the summer and will not resume until March when a programme of 7,000m of drilling will investigate new targets. This will be followed with infill drilling to further de-risk the resource and will be used for the preliminary feasibility study. Of this resource, approximately 150k oz are from the St. George Shear, which is only 150m north of the Klondyke Shear, and these ounces are included in the Klondyke component of the upgraded resource. There is a third shear, the Highway Shear which is located 100m south of the Klondyke Shear, which is approximately half way between the Klondyke Shear and the proposed located on the processing plant.

The resource in the proposed Klondyke open pit is not particularly sensitive to the cut-off grade. Raising the lower limit from 0.5g/t to 0.8g/r only reduces the number of ounces by 80,000.

The next step is to produce a pre-feasibility study which is due in Q3 2019 and will be followed by a bankable feasibility study as Calidus pushes to bring the resource into production. The pre-feasibility study will determine the size of the plant which BHC expects will be driven by capital expenditure and truck size to maximise the IRR.

BHC believe this will give a mine life of at least 10 years. However, it must be remembered that all the known resources are open at depth, with the Klondyke and St George Shears also being open along strike in both directions. Then there are the undrilled targets and the parallel Highway Shear. All of this reinforces the BHC view that the eventual mine life will be much greater than 10 years and in time we anticipate that the resource will double from its existing 1.25M oz.

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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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 12 February 2019

<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

Enzo Aliaj

Tel: +44 20 3463 5026

Email: enzo.aliaj@brandonhillcapital.com