

MINING FLASHNOTE

Calidus Resources Ltd (CAI ASX)

10 March 2020

Stock Data

Share Price:	A\$0.30
Market Cap (M):	A\$64.4
EV (M):	A\$57.4

Price Chart



52 Week Range

A\$0.40		A\$0.30
A\$0.20		

Company Summary

Calidus Resources is currently exploring the Warrawoona Gold district where it has consolidated a previously fragmented historic gold mining district and has proven up a 1.25M oz resource.

MAIN SHAREHOLDERS	HOLDING
Alkane Resources (ASX ALK)	13.0%
Board and Management	8.3%
Novo Resources (TSX NVO)	2.6%

Source: Calidus Resources & Bloomberg

Peter Rose

Tel: +44 (0)20 3463 5034

Peter.Rose@brandonhillcapital.com

www.brandonhillcapital.com

Calidus on track for completing Warrawoona DFS and Permitting

Event

Calidus Resources ("Calidus") has announced a study update to confirm Warrawoona as a high-margin gold project and key appointments to support the study.

Highlights

- DFS for the Warrawoona Gold Project is on track for completion in the December quarter this year, 2020 following achievement of key milestones
- GR Engineering Services Limited (ASX: GRES) awarded the Process Plant Engineering Study for the DFS
- Comminution Circuit finalised comprising a flexible but low-risk conventional primary crush followed by SAG and Ball mill (SAB)
- Tender for village construction issued to facilitate potential early works construction in December quarter.

Comment

By completing the milestones listed in the highlights, Calidus has ensured that it is well on track to complete the Definitive Feasibility Study on its Warrawoona Gold Project in the December quarter of 2020. The time lines are illustrated in Exhibit1.

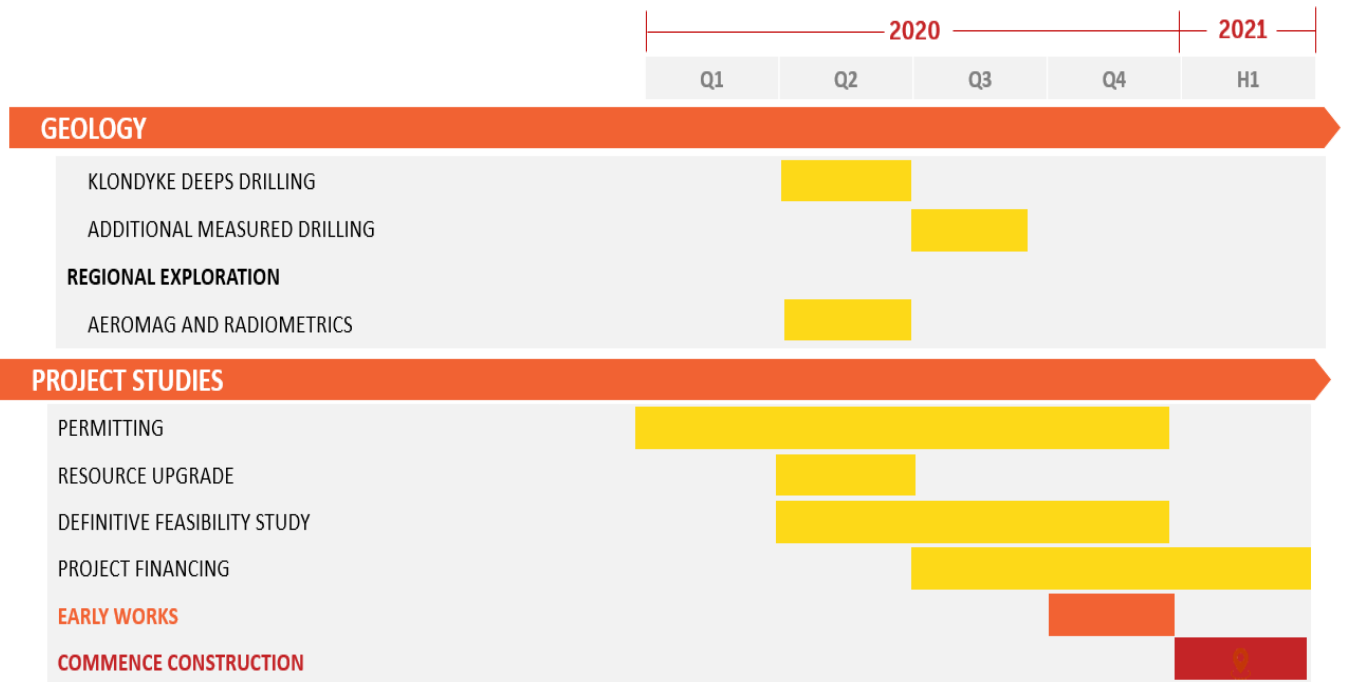
The Pre-feasibility Study showed Warrawoona is set to be a robust project based on annual production of ~100,000oz at an all-in sustaining cost of A\$1,159/oz, against a current Australian dollar gold price of A\$2,552, generating strong margins.

As part of the DFS process, Calidus is de-risking the operations by choosing conservative approaches to all aspects of the project. This is illustrated by the decision to use a SAG mill and ball mill for grinding to ensure grind size is easily met and providing greater flexibility for treatment of future ore sources. This is also expected to lower operating costs.

Calidus is also preparing to mobilise drill rigs to site to target the Klondyke Shear at a depth of 500m to 600m below surface. The company geologists are very confident that the system will extend to this level and beyond, which could underpin a long-life mine given that the resource is only drilled to an average of 230m below surface. This does not include the potential extensions to the resource along strike in both directions.

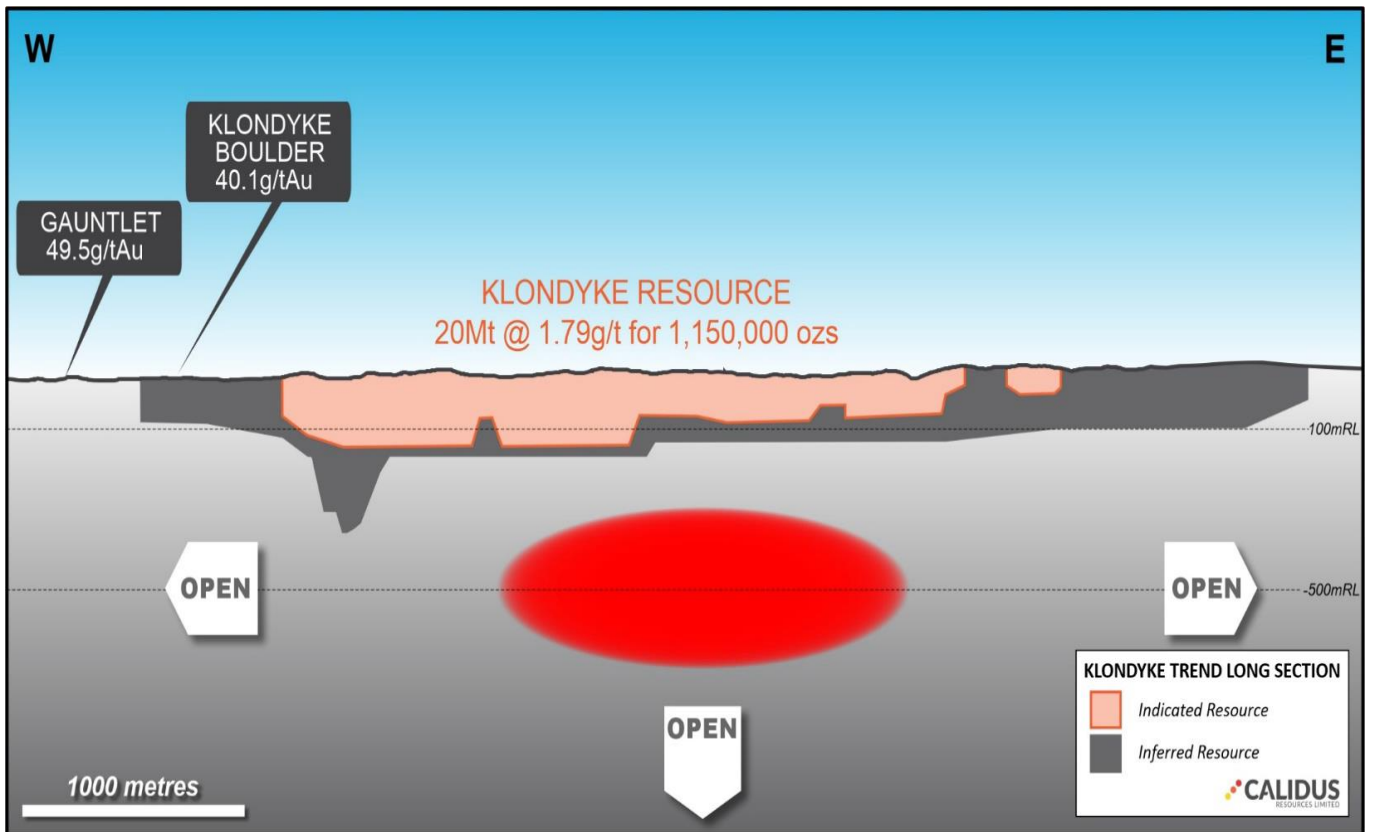
In the June quarter, Calidus expects to upgrade the Mineral Resource and Ore Reserve, start the deep drilling campaign at Klondyke, complete the feasibility level of detailed metallurgical test work and finalise the mill throughput rate and the detailed mine design. It aims to prepare the technical specifications for the major tenders, and prepare the Works Approvals and Major Project Management Plan to complete the Project Permitting and appoint a Debt Advisor to advance the Project Finance.

Exhibit 1: Revised Project Timelines



Source: Calidus Resources

Exhibit 2: Long section showing Klondyke Deeps Drilling



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.

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 10 March 2020

Company Name	Disclosure
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