

Calidus Resources Ltd (CAI ASX)

17 May 2019

Stock Data

Share Price:	A\$0.026
Market Cap (M):	A\$39.0
EV (M):	A\$35.1

Price Chart



52 Week Range

A\$0.021	A\$0.026
A\$0.043	

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	32.3%
Alkane Resources (ASX ALK)	10.2%
Novo Resources (TSX NVO)	4.0%

Source: Calidus Resources & Bloomberg

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Calidus Announces PFS on track for July Completion

Event

Calidus Resources ("Calidus") has announced that the pre-feasibility study on its Warrawoona Gold Project in WA's Pilbara is progressing rapidly, putting it on track for completion in July.

Highlights

- Open pit mine design contemplating a base load of a single 2km long open pit at Klondyke
- Underground investigation below the Klondyke open pit commenced
- Geotechnical investigations completed
- Processing route finalised contemplating a simple primary crush, SAG mill comminution chosen with CIL
- Valley fill tails dam designed, minimises capital requirements
- Water exploration drilling completed, bore fields sites identified in close proximity to plant
- Final environmental base line studies being completed in current quarter, submission for permits on track for 3Q
- Pre-feasibility study on track to be completed early in July

Comment

This is very positive news. The PFS was originally stated as due for completion in the September quarter so it is essentially at least 2 months ahead of schedule. Final base line environmental surveys are being undertaken in the current quarter which will allow commencement of permitting in the September quarter.

The reefs at Klondyke are near vertical, so siting the waste rock dump close to the open pit, whilst shortening the haul for stripped rock, is unlikely to pose any problems in the future. Further, what is designated as the waste rock dump in exhibits 1 and 2 is a combination of the waste rock dump and the ROM pad so there will not be any excessive haul distances for ore.

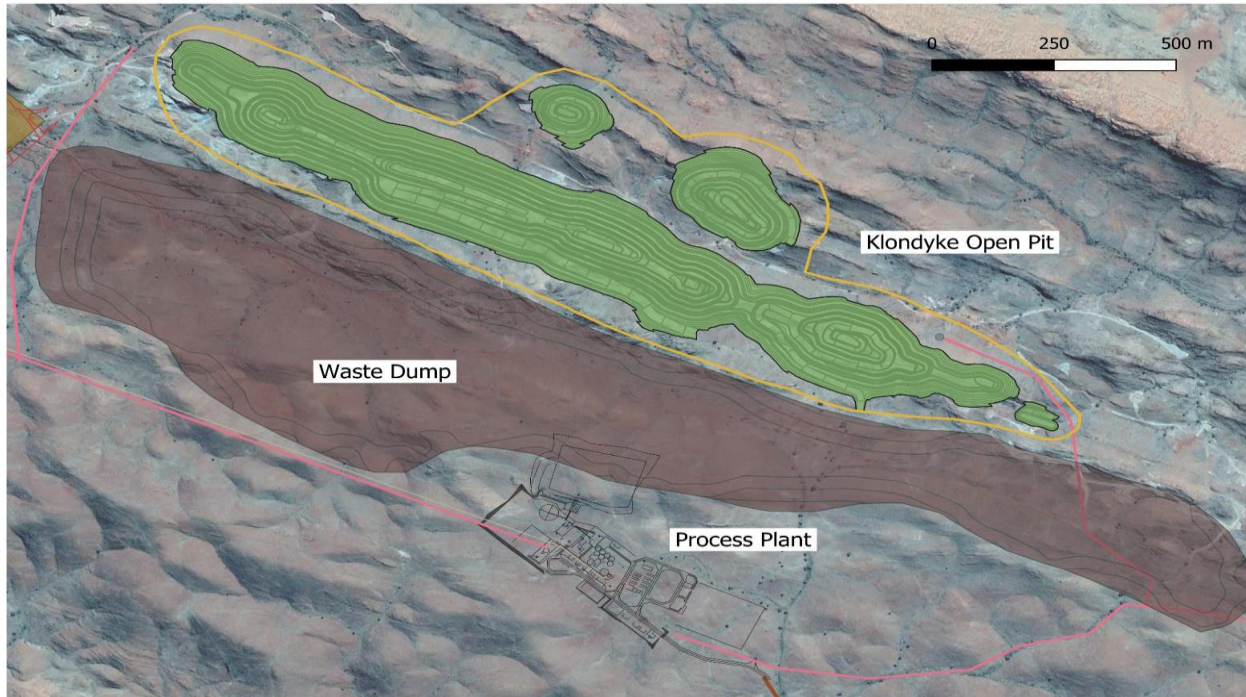
The whole design has been developed to produce a simple layout and as low a cost development as possible.

The tailings are proposed to be thickened and disposed in a valley fill tails dam which will result in a much smaller tails dam embankment being required compared to conventional paddock dams, thereby reducing capital for this component of the study. Sustaining capital is also negated as no upstream lifts of walls are required as in the case of paddock dams.

Base load feed for the Warrawoona Gold Project is planned from a single 2km Klondyke open pit, which is located on the outcropping Klondyke shear. The outcropping nature of the orebody potentially provides a low strip ratio at commencement of operations. A single large open pit allows efficiencies

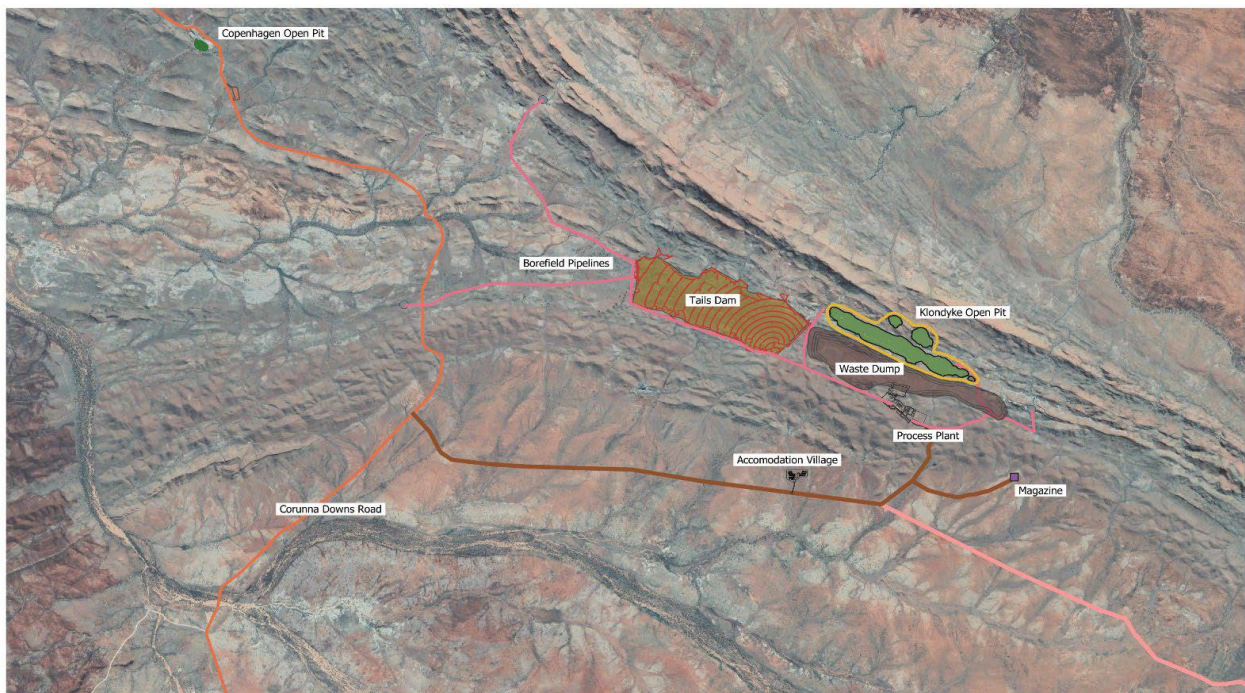
and productivities utilising a larger mining fleet, designed to deliver lower unit costs as well as multiple staging opportunities available due the length of the pit. Preliminary work has also commenced on an underground mine design, below the Klondyke open pit. This involves running stope optimiser software to better understand the geometry of higher-grade potential pay zones.

Exhibit 1: Klondyke Proposed Open Pit, Waste Dump and Plant Location



Source: Calidus Resources

Exhibit 2: Overall Proposed Site layout



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

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Research disclosure as of 17 May 2019

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

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