

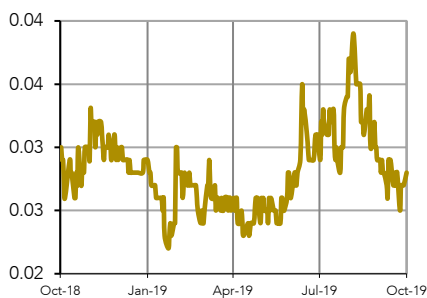
Calidus Resources Ltd (CAI ASX)

07 October 2019

Stock Data

Share Price:	A\$0.028
Market Cap (M):	A\$60.1
EV (M):	A\$55.9

Price Chart



52 Week Range

A\$0.04	A\$0.028	A\$0.021
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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)	15.2%
Novo Resources (TSX NVO)	3.8%

Source: Calidus Resources & Bloomberg

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Calidus Announces Outstanding Shallow Drill Intercepts from Klondyke

Event

Calidus Resources ("Calidus") has announced a host of outstanding results from the resource conversion drilling program at its Warrawoona gold project in WA's Pilbara Region.

Highlights

Significant intercepts were:

- 19KLRC233 14m @ 3.80g/t from 1m
- 19KLRC232 23m @ 2.30g/t from 37m
- 19KLRC227 26m @ 2.00g/t from 1m
- 19KLRC249 14m @ 3.51g/t from 2m
- 19KLRC253 16m @ 2.47g/t from 4m
- 19KLRC240 16m @ 2.11g/t from 6m
- 19KLRC224 12m @ 2.68g/t from 17m

Comment

These excellent results are important because they demonstrate that the mineralisation in the planned open pit at Klondyke is wide and continuous. This highlights the technical and economic strength of the planned open pit and is consistent with Calidus' strategy to de-risk the 1.25Moz Resource at Warrawoona, where the Definitive Feasibility Study is underway.

BHC are especially impressed as many of the intercepts are very shallow, and could potentially lower the strip ratio for the proposed pit. The grades are excellent and the good widths suggest that bulk mining will be relatively easy.

The drilling consisted of an 88 hole RC drill programme for 3, 860m of shallow drilling to delineate the near surface expression in the eastern portion of the Klondyke PFS proposed pit design.

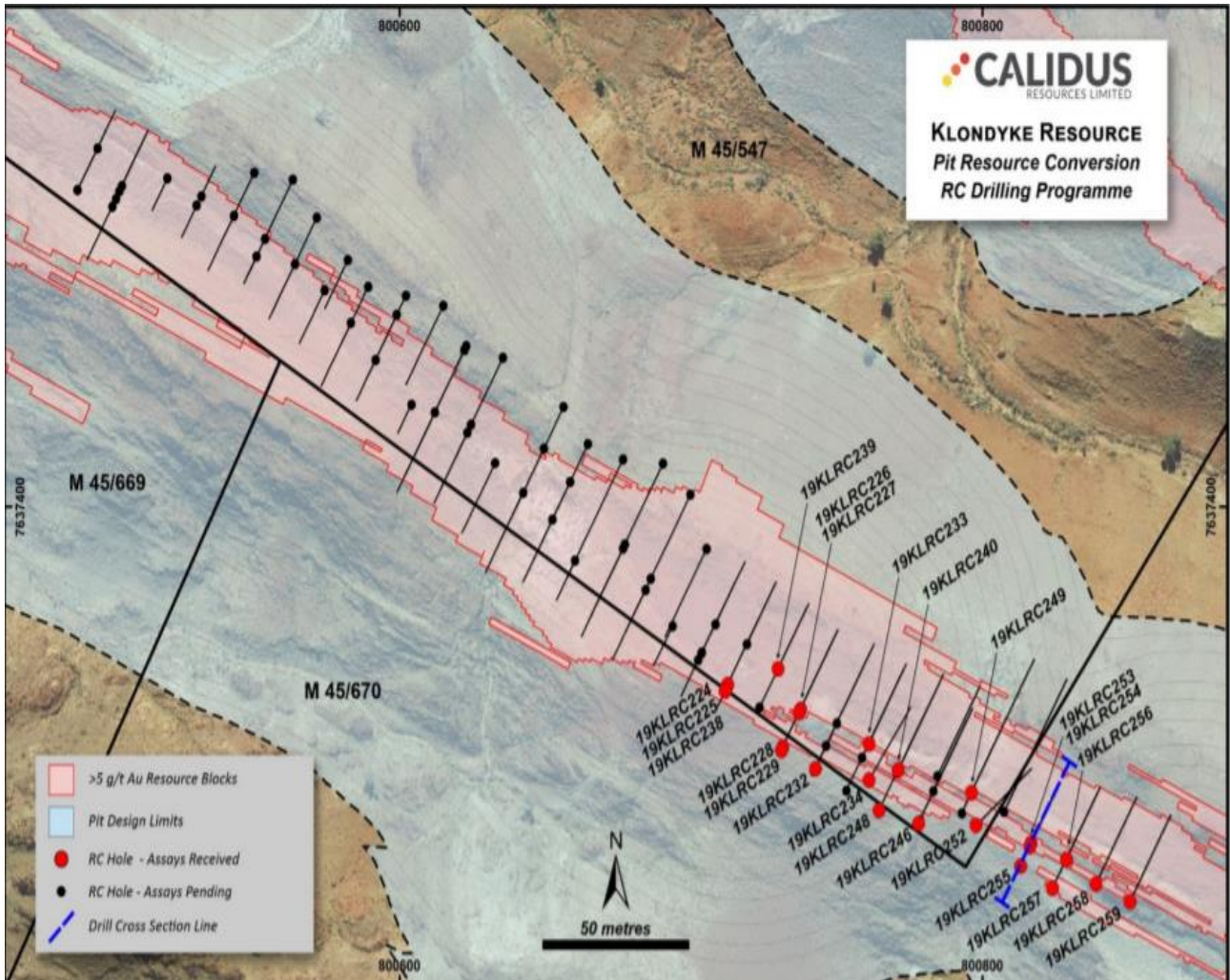
This drilling completes the drilling for the Measured Resource and the RC rig has moved on to drilling areas east of the current pit design as part of the plan to continue growing the mine life inventory. Drilling will then progress to Klondyke West, approximately 3km west of the current Resource, to commence more detailed exploration of the large gold system.

The work planned for next quarter includes:

- Completion of resource drilling at Klondyke East
- Regional exploration RC drilling across high priority targets to the west of the Klondyke Resource
- Completion of phase 1 of Klondyke diamond core drilling programme

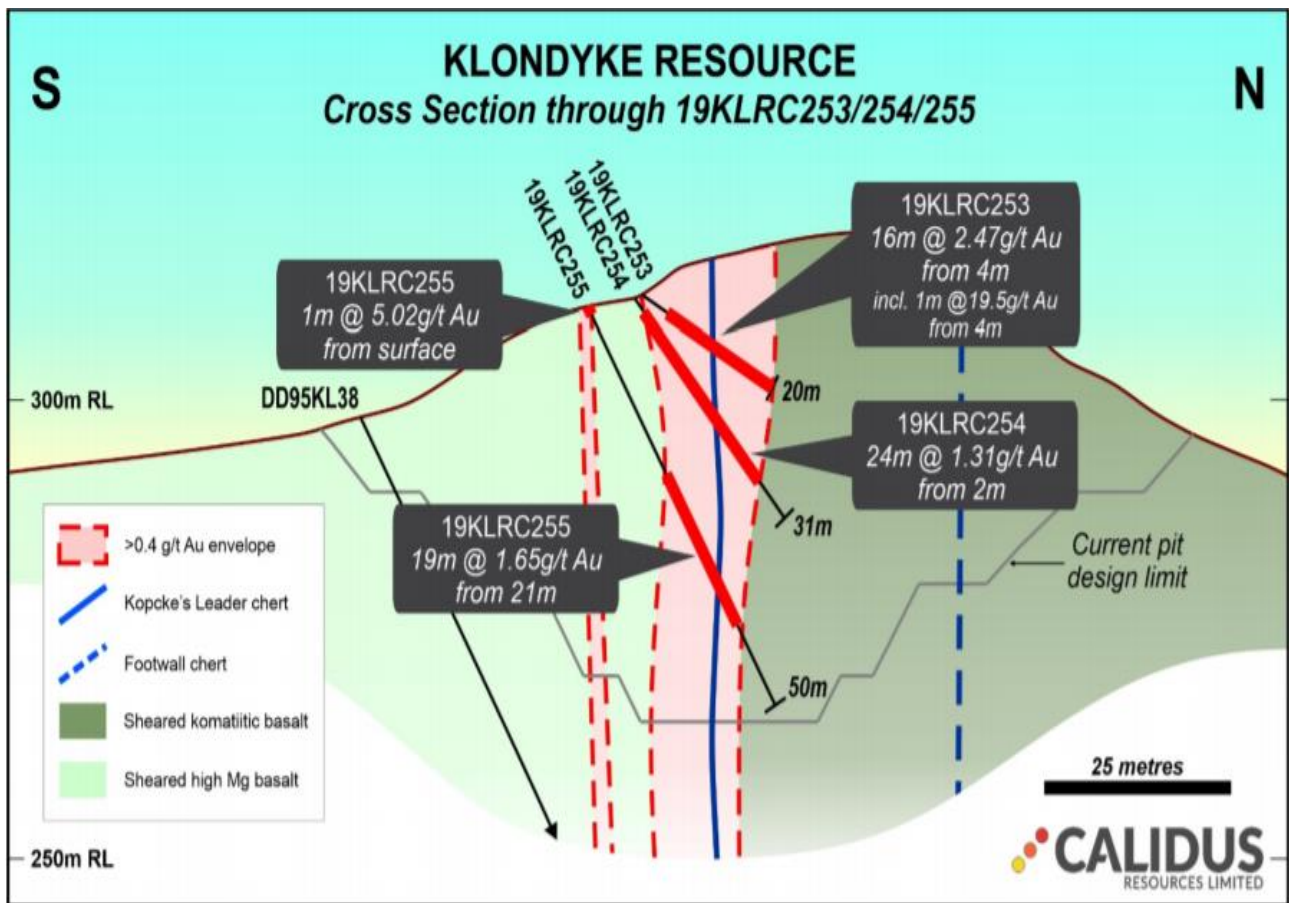
When the Bankable Feasibility Study is completed, BHC expects a very different pit configuration, allowing for the recent discoveries and a significant increase in mine life beyond the current 6.5 years. The current drilling is targeting additional mine life to the east of the planned Klondyke open pit. It is BHC's contention, that Klondyke and the associated smaller pits around it will eventually become a multimillion ounce resource.

Exhibit 1: Klondyke Resource Conversion Planned Drillhole Locations



Source: Calidus Resources

Exhibit 2: Klondyke Cross-Section through 19KLRC253/19KLRC254/19KLRC255



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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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 07 October 2019

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

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