

## MINING FLASHNOTE

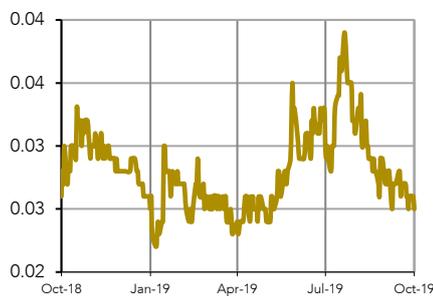
# Calidus Resources Ltd (CAI ASX)

23 October 2019

### Stock Data

Share Price:	A\$0.025
Market Cap (M):	A\$53.7
EV (M):	A\$49.5

### Price Chart



### 52 Week Range

A\$0.04	A\$0.025
A\$0.021	

### 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	38.9%
Alkane Resources (ASX ALK)	13.0%
Novo Resources (TSX NVO)	3.1%

Source: Calidus Resources & Bloomberg

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## Calidus Announces Further Wide and Shallow Drill Intercepts from Klondyke

### Event

Calidus Resources ("Calidus") has announced a series of wide and shallow results from the resource conversion drilling program at its Warrawoona gold project in WA's Pilbara Region, confirming the robustness of the planned open pit.

### Highlights

Significant intercepts were:

- 19KLRC218 35m @ 2.84g/t from surface
- 19KLRC241 23m @ 2.55g/t from 15m
- 19KLRC243 23m @ 2.06g/t from 1m
- 19KLRC245 20m @ 1.97g/t from 25m
- 19KLRC244 13m @ 2.05g/t from 15m

### Comment

These results will further underpin the Resource upgrade to Measured status. They also confirm that the mineralisation in the planned Klondyke open pit is outcropping, wide and continuous.

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.

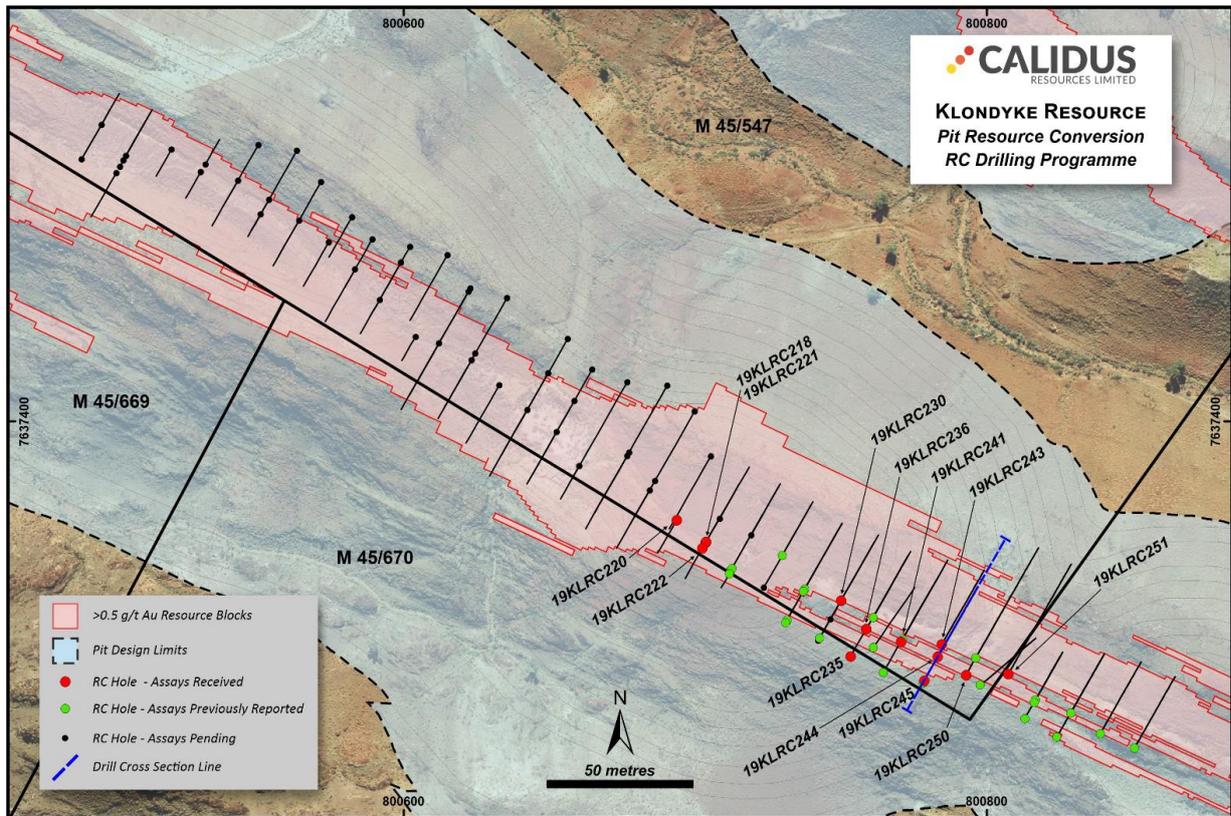
BHC are especially impressed as many of the intercepts are very shallow, and could potentially lower the strip ratio for the proposed pit, since it means that Calidus will be mining in ore from day one.. The grades are consistent with previous grades and the good widths confirming that bulk mining will be relatively easy.

The work planned for next quarter includes:

- Completion of resource drilling at Klondyke East
- Regional exploration RC drilling across high priority targets on greenfields targets to the west of the Klondyke Resource

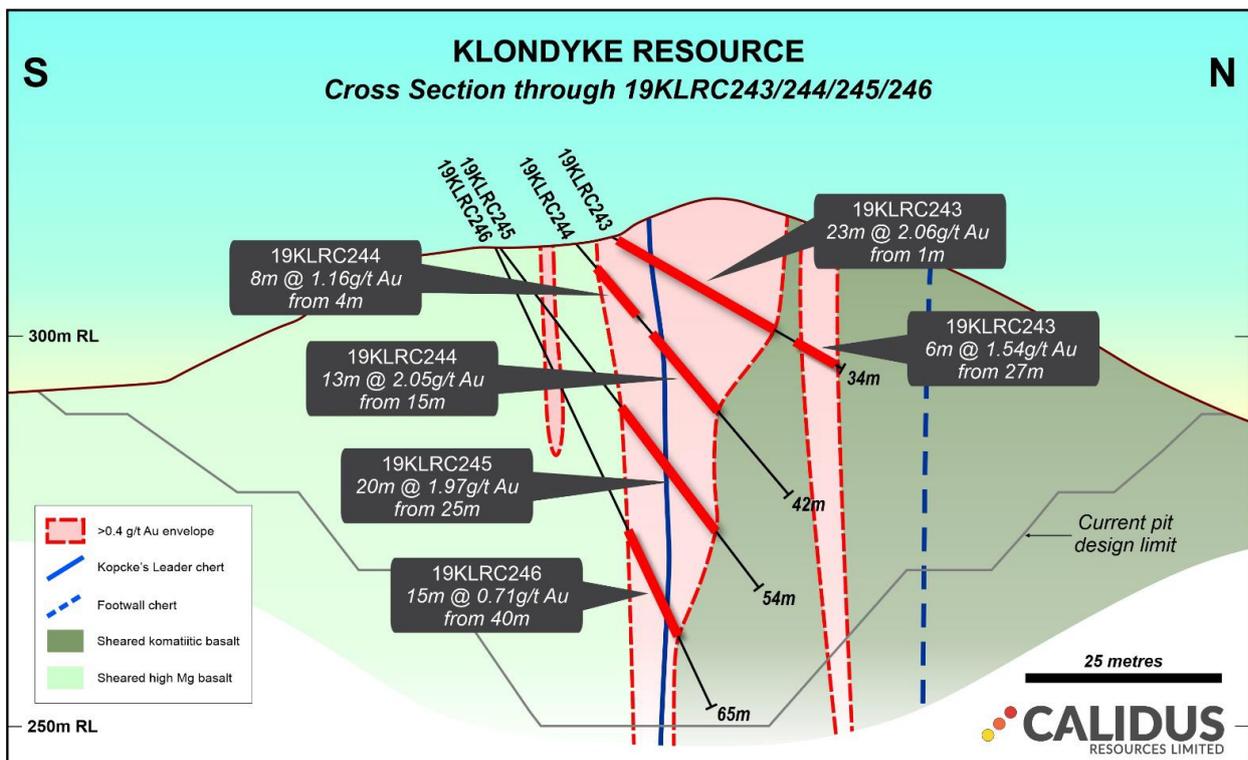
When the Bankable Feasibility Study is completed, BHC expects a very different pit configuration, allowing for the recent discoveries and a significant increase in mine life beyond the current 6.5 years. The current drilling is targeting additional mine life to the east of the planned Klondyke open pit.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

Exhibit 1: Klondyke Resource Conversion Planned Drillhole Locations



Source: Calidus Resources

Exhibit 2: Klondyke Cross-Section through 19KLRC243/244/245/246



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

## Research Disclaimers

Research disclosure as of 23 October 2019

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

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