

MINING FLASHNOTE

Calidus Resources Ltd (CAI ASX)

05 April 2018

Stock Data

Share Price:	A\$0.042
Market Cap (M):	A\$54.0
EV (M):	A\$49.6

Price Chart



52 Week Range

A\$0.065	0.042
A\$0.019	

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	35.62%
Bank of Nova Scotia	3.63%
Eight Investment Partners	2.81%
Celtic Capital	1.45%
Buzz Capital Pty Ltd	1.15%

Source: Bloomberg

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Calidus Announces Exceptional Metallurgical Results at Klondyke

Event

Calidus Resources ("Calidus") has announced the results of preliminary metallurgical testing at the Klondyke Project located at the Warrawoona Gold Project in the Pilbara of Western Australia.

Comment

It is always good practice to perform some simple metallurgical test work early in the proceedings to ensure that there are no unforeseen complications. Calidus has performed test work on both oxide and fresh ore from the Klondyke area where the bulk of the ore resources currently reside and were contained in 3 samples from drill holes testing 1.2km of the 2km of defined strike.

The results were excellent with very good gold recovery characteristics and with a similar test work response from both the oxide and fresh ores. From BHC's perspective, the three key results were:

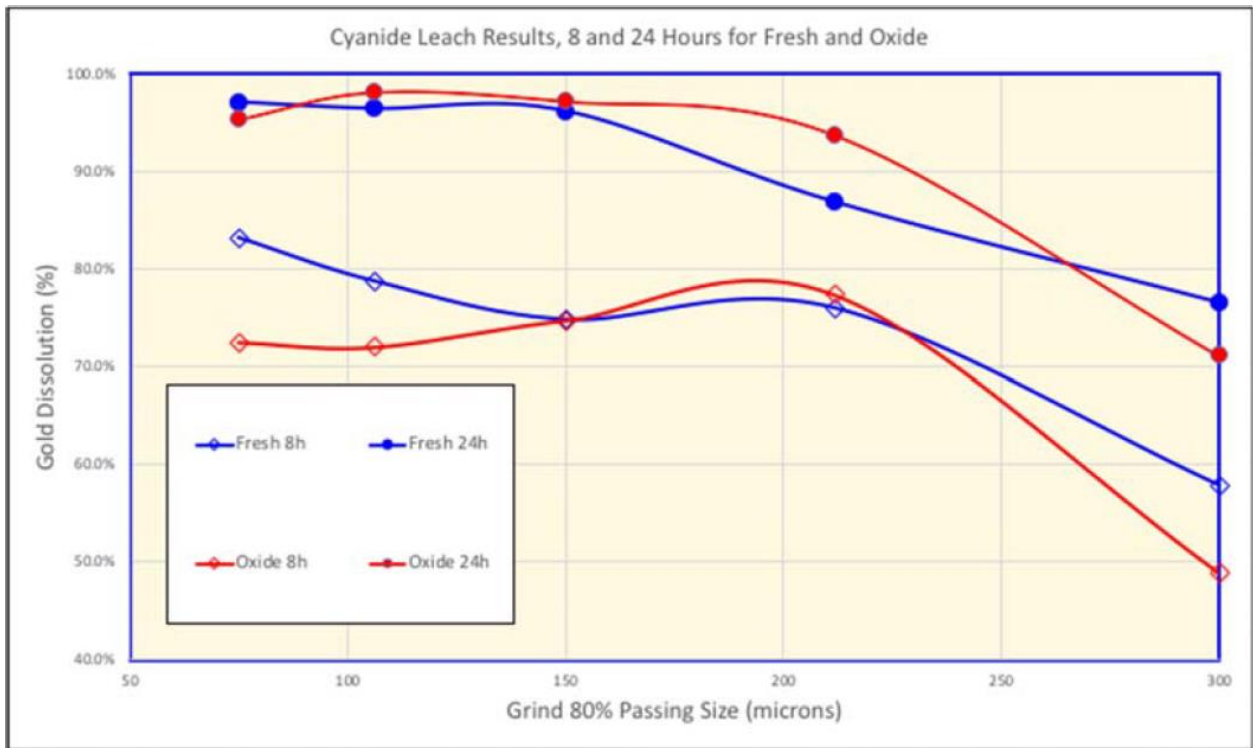
1. Greater than 96% cyanide leach recoveries at relatively coarse grind (80% passing 150 microns) and 24-hour leach
2. High gravity recoverable gold of 63%
3. Exceptionally low reagent consumption (average sodium cyanide 0.17 kg/t, lime 0.74kg/t)

The key takeaways from these results are that a simple processing plant will be required, the ore characteristics being ideally suited to conventional crushing and ball milling. The comminution circuit and the cyanide are two of the most expensive items in the processing. The fact it only needs a relatively coarse grind and has low cyanide consumption suggests that processing costs will be at the lower end of the range.

The grinding test results indicate that the ore is of moderate hardness. It is noted that the Rod Mill Work Index average is 17.35kWh/t and is higher than the Ball Mill Work Index which averaged 10.15kWh/t. This characteristic generally favours the use of a conventional crushing and ball milling circuit. BHC view this result positively as rod mills are normally only used where over grinding is a major issue. They also require the mill to be shut down for the addition of new rods each day which limits their availability.

We include the graph of the cyanide leach results overleaf which clearly show the recoveries over 8 and 24 hours for grind size and time.

Figure 1: Cyanide Leach Results



Source: Calidus Resources

Research Disclosures

Peter Rose

Peter has 31 years' experience in equities as a resources analyst; he has been at Brandon Hill Capital for 11 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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Research disclosure as of 05 April 2018

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

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