

MINING FLASHNOTE

# Calidus Resources Ltd (CAI ASX)

21 September 2017

## Stock Data

Share Price:	A\$0.049
Market Cap (M):	A\$35.8
EV (M):	A\$32.9

## Price Chart



## 52 Week Range

A\$0.053	0.049	A\$0.019
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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

Ketas Resources	29.73%
Bank of Nova Scotia	5.77%
Eight Investment Partners	4.95%
Reeves David	0.77%

Source: Bloomberg

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## The Consolidation at Warrawoona Continues

### Event

Calidus Resources ("Calidus") has announced that it has entered into a binding Term Sheet with Novo Resources Corp. (TSX.V:NVO) (Novo) to form a joint venture under which Calidus will have the right to acquire a 70% interest in Exploration Licences 45/3381, 45/4194, 45/4622, 45/4666 and Prospecting Licences 45/2661, 45/2662, 45/2781 (the Novo Tenements) and all related technical information held by Novo. The Novo Tenements surround the Company's flagship Warrawoona Gold Project and include direct extensions to the Klondyke Shear in the East Pilbara region of Western Australia.

### Comment

This is an excellent strategic move by Calidus, expanding its Pilbara footprint by a further 184km<sup>2</sup>, taking the total area to 363km<sup>2</sup> and tying up the vast majority of the known greenstone belt. More importantly, the additional Exploration Licences ("EL") cover a 5km extension to the southeast along the Klondyke trend from Calidus's current tenement holding. This area of the additional EL's also contains a 5km long soil anomaly that has never been drill tested. Given the grades of the existing soil sampling, this could possibly be a parallel trend to Klondyke.

Additionally, limited drilling by CRA in 1996 on the extension to Calidus's Klondyke existing resources, returned encouraging gold intercepts, including:

- 10m @ 1.7g/t Au from 56m in hole RC96WA06;
- 2m @ 5.58g/t Au from 31m in hole RC96WA07; and
- 4m @ 4.35g/t Au from 141m in hole RC96WA10.

There is also an historic high grade RAB drill result at Cutty Sark going 8m at 8.6g/t and limited follow up RC drilling returned further promising intercepts.

Apart from the additional lease area and drill targets, Calidus will benefit from all the technical information that accompanies the package. This includes geological, geochemical and geophysical reports, surveys, mosaics, aerial photographs, samples, drill logs, assay results, maps and plans and relating to the Novo Tenements.

Whilst the agreement only relates to the basement gold, refer the terms of the agreement overleaf, it does provide Calidus with a pathway to 100% ownership of geological, geochemical and geophysical reports, surveys, mosaics, aerial photographs, samples, drill logs, assay results, maps and plans and relating to the Novo Tenements.

Whilst Novo retains the rights to the transported material, it is believed that this only covers 3% of the joint venture lease area

## Terms of the Joint Venture

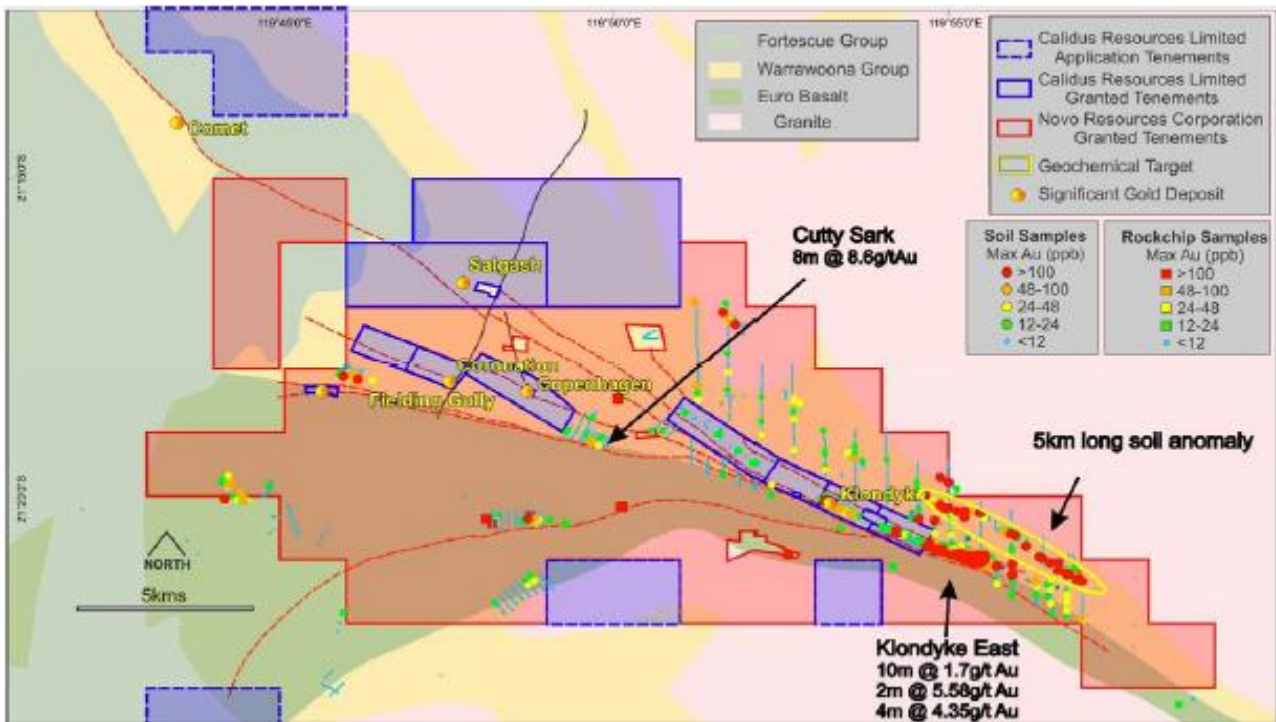
Under the terms of the terms sheet, Calidus has a 60-day due diligence period and subject to all necessary regulatory approvals, will issue 20M fully paid ordinary shares to Novo (Novo Shares) and undertake an exploration programme of A\$2M over three years at the Novo Tenements (Expenditure Commitment). Following the issue of the Novo Shares and satisfaction of the Expenditure Commitment, the Novo Tenements will be beneficially owned as follows:

- (a) Novo 30%; and
- (b) Calidus 70%.

At the completion of the Expenditure Commitment, each party will be subject to a fund or dilute obligation in their respective proportions on the Novo Tenements with any interest diluting below 10% converting to a 1% net smelter royalty. Calidus will retain exclusive ownership of all gold derived from the basement rocks taken from the Novo Tenements (Basement Gold) whilst Novo retains exclusive ownership of gold derived from Transported Material. Transported Material is defined as any material that overlies the Basement Rocks and is formed of transported material. Specifically, this means the Fortescue Group conglomerates that overlie the Warrawoona Greenstone belt that is located on the Novo Tenements.

Proceeds derived from the sale of Basement Gold will be shared in proportion to parties' respective interests in the Novo Tenements. Any ore processed through a plant owned by either party will be subject to a processing charge to the other party at commercial rates. Calidus' existing projects in the Pilbara are unaffected by the Transaction and the Company retains all existing rights pertaining to gold recovered from its existing projects.

Exhibit 1: Soil samples, rock chip samples and key areas on Novo Tenements



Source: Calidus Resources Limited

## Research Disclosures

### Peter Rose

Peter has 31 years' experience in equities as a resources analyst; he has been at Brandon Hill Capital for 10 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 21 September 2017

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

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