

ASX ANNOUNCEMENT

ABOUT CALIDUS RESOURCES

Calidus Resources is an ASX listed gold development company that controls the Warrawoona Gold Project in the East Pilbara district of the Pilbara Goldfield in Western Australia.

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4 June 2020

Exploration Update

Drilling Recommences at the Warrawoona Gold Project

HIGHLIGHTS

- Drilling recommenced at Klondyke
- Drilling at the recently acquired Otways Project planned for August 2020
- Aeromagnetic and radiometric data received and being processed

Calidus Resources (ASX:CAI) is pleased to announce that it has commenced drilling at its flagship Warrawoona gold project in the Pilbara, following the opening of regional borders in Western Australia.

The drilling at Klondyke will target the main Klondyke structure 300m directly below the existing Resource and is expected to be completed next month.

Calidus will then drill a significant walk-up copper-gold target at its recently-acquired Otways Project, 50km from Warrawoona.

Calidus Managing Director Dave Reeves commented:

“Whilst we continue to accelerate Warrawoona towards development, we are concurrently building a pipeline of projects and growing our metal inventory in the area. Our initial drilling at Klondyke will target the Klondyke Shear 300m below the current resource base to test continuity of the structure with the aim of highlighting the underground potential of Klondyke beyond the current resource.

We will then turn our attention to the Otways Project where we have an outstanding walk-up drill target to test initially.

With parallel work streams, and as we close in on development of Klondyke, we anticipate strong news flow over the coming six months.”

Klondyke Drilling

Calidus is planning to drill two holes, each with a wedge “daughter” hole drilled off it, beneath the centre of the Klondyke Resource to test the continuity of mineralisation at a depth of 300m below the existing 250m deep resource. RC pre-collars will be undertaken to a depth of 400m to 450m before swapping to diamond drilling. The programme is expected to take 2 months to complete and is designed to prove continuity of the Klondyke Structure as a long-term source of ore for the upcoming development.

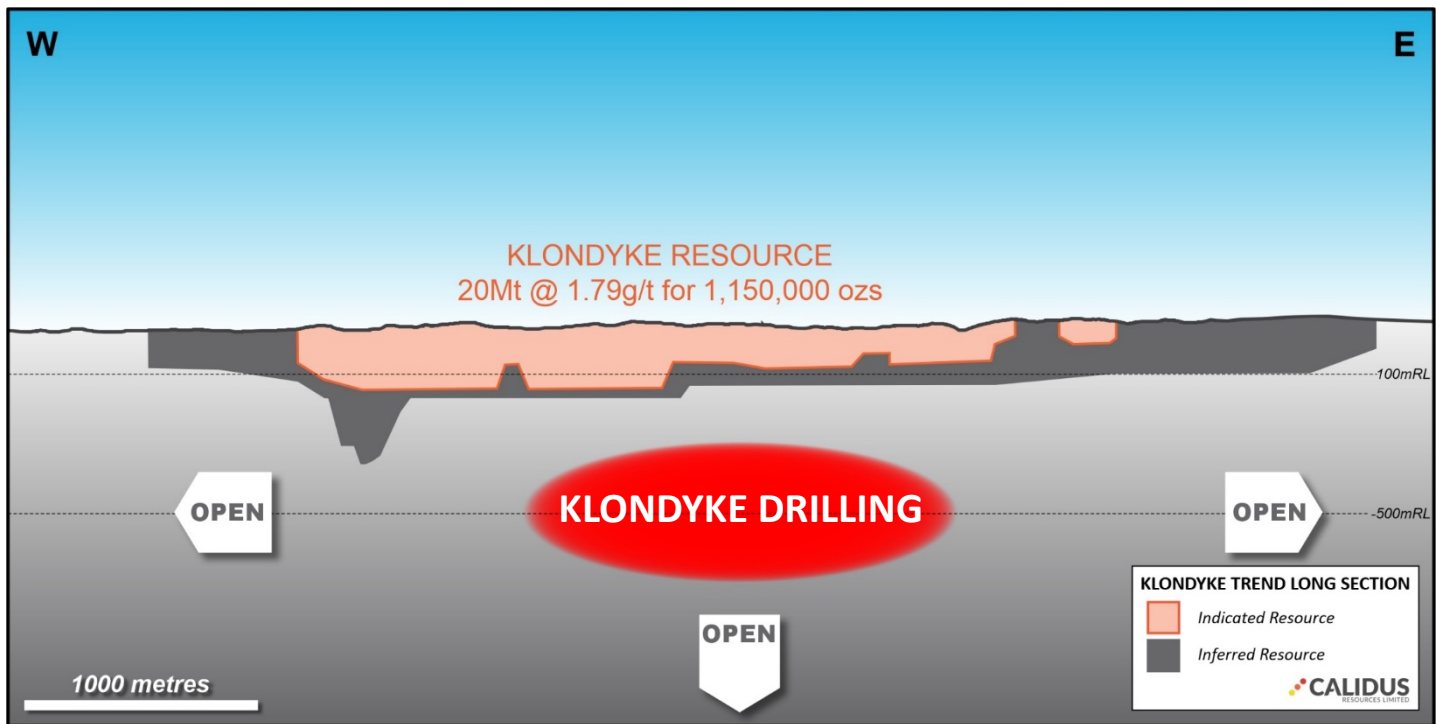


Figure 1: Klondyke Drilling.

Otways Project Drilling

Calidus recently entered into a Heads of Agreement with Rugby Mining to earn up to 70% interest in the Otways Project NE of Nullagine¹. In the late 1960s, shallow (<60m depth) percussion drilling of coincident soil and IP anomalies by Conwest identified copper mineralisation in metabasalts at or near surface² (refer Figure Two). In addition, several holes contain Cu mineralisation that is open at depth. Historic drilling was never assayed for gold but nearby costean samples returned values of up to 13g/t Au³.

Recent site visits identified the locations of previous drill holes and have confirmed visual occurrences of copper mineralisation at surface and in shallow workings.

Calidus has applied for a POW to allow commencement of drilling at the Otways Project. Initially, a programme of 6 to 8 RC holes is planned to verify and extend at depth shallow intercepts in historic drilling at the Otways Project. One diamond drill hole is also planned to better define the structures hosting mineralisation and the style of mineralisation.

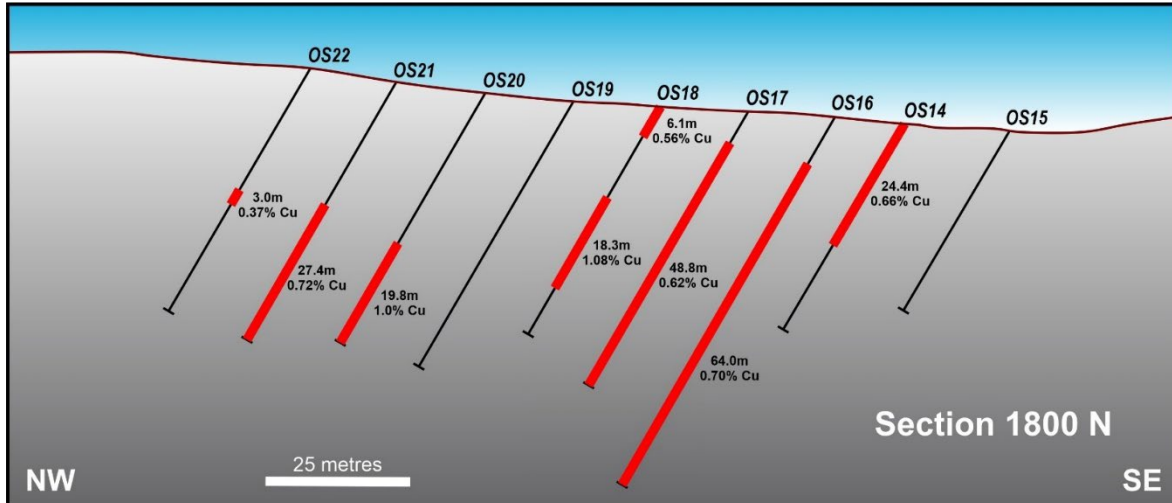


Figure 2: Otways Historic Drilling.



Figure 3: Copper staining at Otways (MGA Zone 51 216611E 7612434N) and general view of the project area.

Aeromagnetic and Radiometric Survey at Warrawoona

Calidus and its geophysics consultants, Southern Geoscience Consultants, have now received the aeromagnetic and radiometric data recently flown at 25m line spacing across the bulk of the Warrawoona Tenements by MAGSPEC (refer Figure Four). Processing and interpretation of the data have commenced. Once the interpretation is completed, initial targets will be followed up with fieldwork and sampling to allow the targets to be prioritised and potentially drill tested late this year.

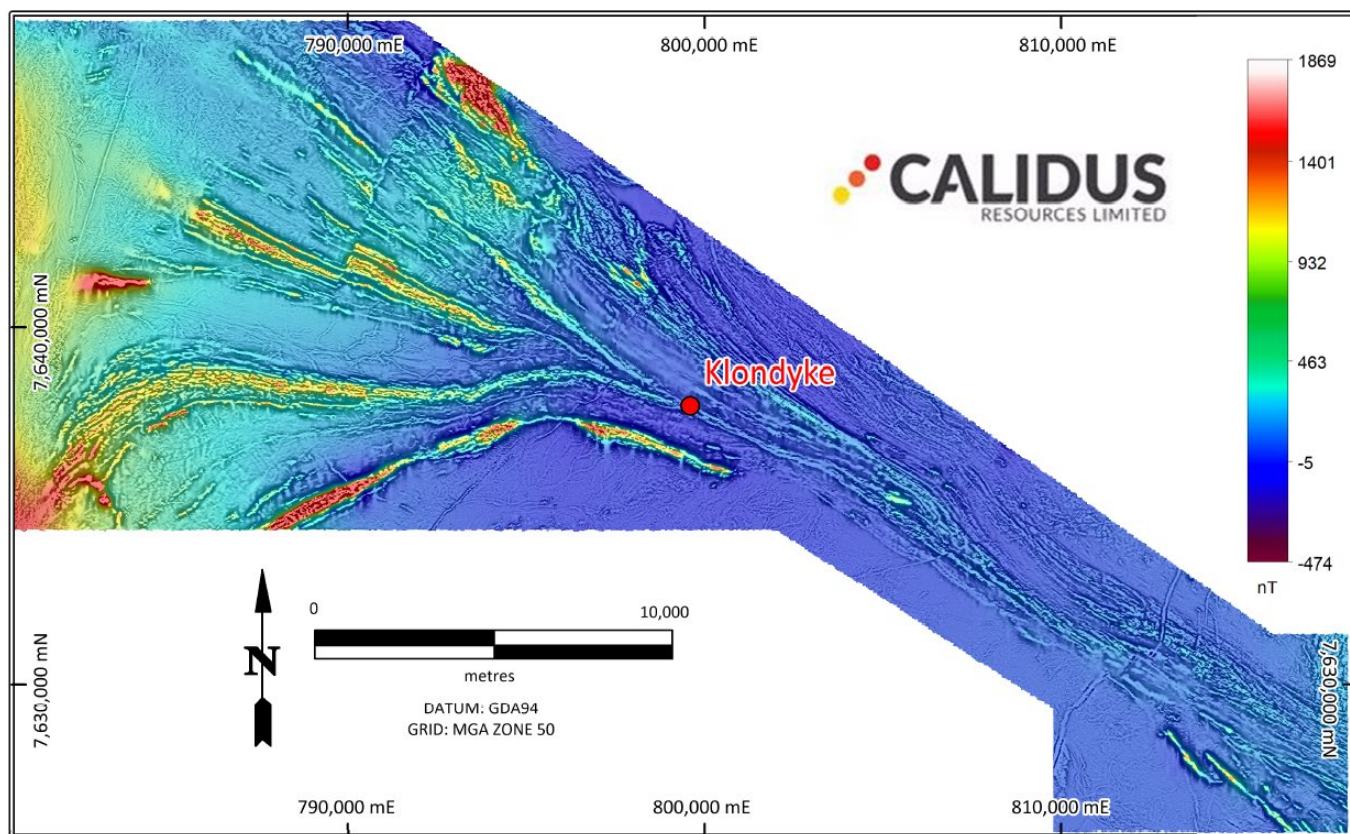


Figure 4: Aeromagnetic image (reduced to pole (RTP) magnetic image overlaid on the second vertical derivative of the RTP) from the recently completed survey at Warrawoona

Notes

1. Calidus Resources Limited ASX Release 27 May 2020 “Calidus to acquire Otways Project near Warrawoona”
2. Burrill, G.H.R., 1968, Progress report on Reedy Creek copper prospects near Nullagine, Western Australia: Conwest Australia NL: DMIRS Statutory Report A1696.
3. Concord Mining NL, 1988, E45/656 – Bridget Prospect: DMIRS Statutory Report A24511.

For the purpose of ASX Listing Rule 15.5, the Board has authorised for this announcement to be released.

For further information please contact:

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Managing Director

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Refer announcements:

ASX – 27 May 2020 – Calidus to acquire Otways Project near Warrawoona

ASX – 10 Mar 2020 – Calidus on track for completing Warrawoona DFS and Permitting

COMPETENT PERSON STATEMENT

The information in this announcement that relates to exploration results is based on and fairly represents information compiled by Steve Sheppard, a competent person who is a member of the AIG. Steve Sheppard is employed by Calidus Resources Limited and holds shares in the Company. Steve has sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves. Steve Sheppard consents to the inclusion in this announcement of the matters based on his work in the form and context in which it appears.

JORC Code, 2012 Edition – Table 1 – Otways Project

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	<p><i>Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i></p>	<p>Fixed-wing aeromagnetic and radiometric survey flown by MAGSPEC Airborne Surveys Pty Ltd.</p> <p>The survey was flown along N-S lines at 25m spacing.</p> <p>Tie lines were oriented E-W and spaced at 250m.</p> <p>Data were acquired with a single piston-engine Cessna 210.</p> <p>The survey sensor height was 25-30m but some draping may have occurred due to the rugged terrain.</p> <p>Positional accuracy of $\pm 0.4\text{m}$ was provided by a NovAtel OEM 719 DGPS Receiver.</p> <p>A total of 16,263 line-kilometres of data was acquired.</p> <p>The magnetometer used was a Geometrics GR823 tail sensor mounted in a stinger housing with a sensitivity of 0.01nT and compensation using a 3-axis fluxgate magnetometer. Radiometric data were collected with an RSI RS-500 gamma-ray spectrometer, incorporating 2x RSX-4 detector packs.</p> <p>Diurnal variations were corrected using a local base station.</p>
	<p><i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i></p>	<p>Along-line sampling was about 3.5m (20Hz) for aeromagnetic data and about 35m (2Hz) for radiometric data.</p> <p>Flight lines are oriented nearly perpendicular to the main strike of rock units and mineralisation at Warrawoona.</p> <p>For the magnetometer, a compensation box was flown prior to the survey. The measured output from the 3-axis fluxgate magnetometer was recorded and used to resolve a compensation solution.</p> <p>The Gamma-Ray spectrometer was calibrated for channel interaction (stripping ratios). A cosmic / background stack was performed to determine cosmic and background radiation ratios. During the survey, system sensitivity and resolution was monitored pre- and post-flight using a thorium source, ensuring stability of the spectrometer.</p>

Criteria	JORC Code explanation	Commentary
		Prior to commencement of the survey, the radar / laser altimeter was checked for linearity against the GPS height by flying a suite of altitude passes at different elevations over an area of flat ground of known elevation.
	<i>Aspects of the determination of mineralisation that are Material to the Public Report.</i>	Copper staining (malachite) was observed in the spoil and wall-rocks of several shallow historic pits at Otways. No attempt has been made to estimate abundances or percentages.
Drilling techniques	<i>Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i>	No new drilling results are discussed.
Drill sample recovery	<i>Method of recording and assessing core and chip sample recoveries and results assessed.</i>	Not applicable as no drilling was undertaken.
	<i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i>	Not applicable as no drilling was undertaken.
	<i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i>	Not applicable as no drilling was undertaken.
Logging	<i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies</i>	Not applicable as no drilling was undertaken.
	<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i>	Not applicable as no drilling was undertaken.
	<i>The total length and percentage of the relevant intersections logged.</i>	Not applicable as no drilling was undertaken.
Sub-sampling techniques and sample preparation	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	Not applicable as no drilling was undertaken.
	<i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i>	Not applicable as no drilling was undertaken.
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	Not applicable as no drilling was undertaken.
	<i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i>	Not applicable as no drilling was undertaken.
	<i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half</i>	Not applicable as no drilling was undertaken.

Criteria	JORC Code explanation	Commentary
	<i>sampling.</i>	
	<i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	Not applicable as no drilling was undertaken.
Quality of assay data and laboratory tests	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i>	Not applicable as no drilling was undertaken.
	<i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i>	Not applicable as no drilling was undertaken.
	<i>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</i>	Not applicable as no drilling was undertaken.
Verification of sampling and assaying	<i>The verification of significant intersections by either independent or alternative company personnel.</i>	Not applicable as no drilling was undertaken.
	<i>The use of twinned holes.</i>	Not applicable as no drilling was undertaken.
	<i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i>	Final magnetic, DEM and radiometric data and gridded data were supplied in digital format by MAGSPEC to Southern Geoscience Consultants who then performed QC checks on the data. Southern Geoscience Consultants provided Calidus with final merged grids, digital attributed contours digital survey path, and a suite of magnetic, radiometric and digital terrain enhancements.
	<i>Discuss any adjustment to assay data.</i>	Not applicable as no drilling was undertaken.
Location of data points	<i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i>	Not applicable as no Mineral Resource estimation was undertaken.
	<i>Specification of the grid system used.</i>	The survey was acquired in WGS84 SUTM Zone 50.
	<i>Quality and adequacy of topographic control.</i>	Not applicable as no drilling was undertaken.
Data spacing and distribution	<i>Data spacing for reporting of Exploration Results.</i>	Percussion drilling by Conwest was undertaken on two lines about 60m apart. Drill collars were spaced about every 15-16m on each drill line. Percussion drilling by Kennecott consisted of widely and irregularly spaced holes. Soil sampling was conducted on grids with lines about 200m apart and sample points along lines 50-100m apart. The aeromagnetic survey was flown along N-S lines at 25m spacing. Tie lines were oriented E-W and spaced at 250m.

Criteria	JORC Code explanation	Commentary
		Along-line sampling was about 3.5m (20Hz) for aeromagnetic data and about 35m (2Hz) for radiometric data.
	<i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i>	Not applicable as no Mineral Resource or Ore Reserve estimations were undertaken.
	<i>Whether sample compositing has been applied.</i>	Not applicable as no drilling or sampling was undertaken.
<i>Orientation of data in relation to geological structure</i>	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i>	Flight lines were oriented N-S to be roughly perpendicular to the main strike of geological units and mineralisation in the Warrawoona Project area.
	<i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i>	Not applicable as no drilling was undertaken.
<i>Sample security</i>	<i>The measures taken to ensure sample security.</i>	Not applicable as no drilling or sampling was undertaken.
<i>Audits or reviews</i>	<i>The results of any audits or reviews of sampling techniques and data.</i>	Quality control checks were provided by Southern Geoscience Consultants.