

ASX ANNOUNCEMENT

10 October 2022

ABOUT CALIDUS RESOURCES

Calidus Resources is an ASX listed gold producer that is ramping up the 1.7Moz Warrawoona Gold Project in the East Pilbara district of Western Australia.

DIRECTORS AND MANAGEMENT

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NON-EXECUTIVE CHAIRMAN

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September Quarter Operations Update

Calidus Resources (ASX:CAI) is pleased to report on the significant progress that has been made at the Warrawoona Gold Project (WGP) during the September quarter.

The ramp-up towards steady state production at WGP continued during the period, with the 2.4Mtpa processing plant achieving nameplate capacity and the LNG power station commissioned and fully integrated into operations.

These key milestones were achieved despite challenges stemming from a labour shortage, including the impact of two major COVID outbreaks that occurred during the quarter. Consequentially, material movement and ore production were restricted due to a large number of critical operational workers required to isolate under the WA Government mandatory isolation requirements.

With the processing plant's high throughput and recovery rates, mining movement normalising and removal of regulatory COVID isolation requirements, WGP is on track for a strong December quarter.

Calidus Managing Director Dave Reeves said:

"We have made substantial progress at Warrawoona during the September quarter despite a number of COVID-19 related disruptions affecting overall production figures due to the reduction in our workforce, however WA has now transitioned away from isolation periods which should minimise impacts moving forward."

"Positively, the underlying ramp-up performance is highly encouraging including the process plant that has operated at above nameplate capacity with exceptional recoveries. The grade control-modelled grade also continues to reconcile well with the resource model and additional initiatives are being implemented to ensure this grade is reflected in the mill, paving the way for a strong December quarter"

Mining and Processing Plant

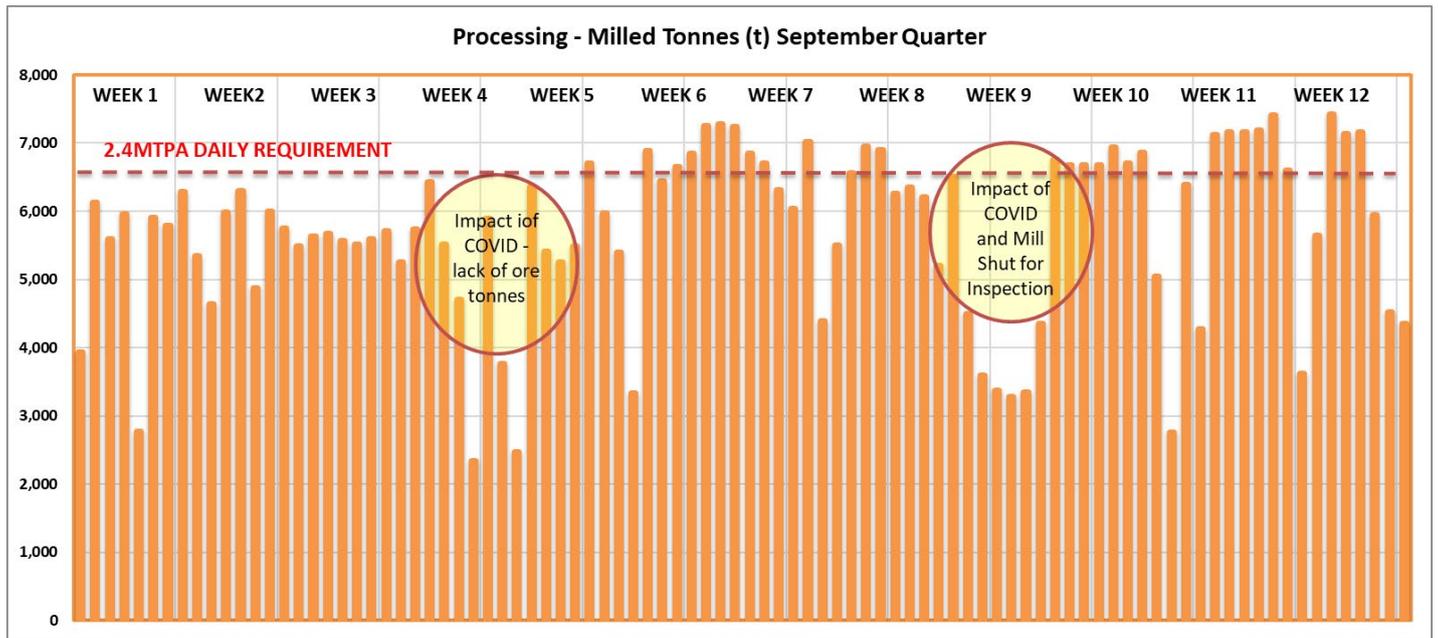
The processing plant is now operating at or above nameplate capacity with a recent peak of 330tph (equivalent to 2.64Mtpa) achieved against nameplate of 300tph (2.4Mtpa). Gold recovery remains exceptionally high, averaging 98% for the quarter, 3% above Feasibility Study expectations. Total mill throughput throughout the quarter was 525,705t at 0.78g/t.

The mill feed during the quarter was adversely impacted as result of COVID-19 related workforce disruptions that restricted ore tonnages to the processing plant and subsequently resulted in:

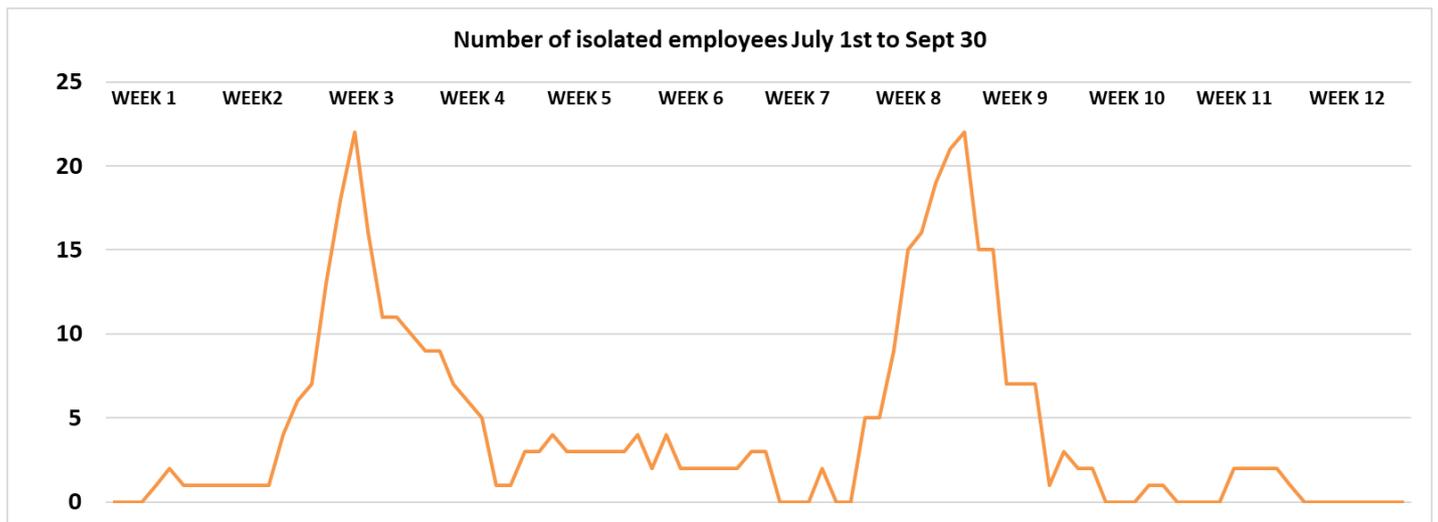
- Lowering of the head grade material feed to the mill
- Increased stockpile depletion
- The ROM cut-off grade lowered to 0.4g/t

A total of 12,657oz of gold was poured during the quarter with 1,380oz of additional gold in circuit.

Mining has since normalised with 36,289t of stockpiles currently on the ROM pad.



Ore Milled per day September Quarter



COVID Isolation numbers in Warrawoona Village

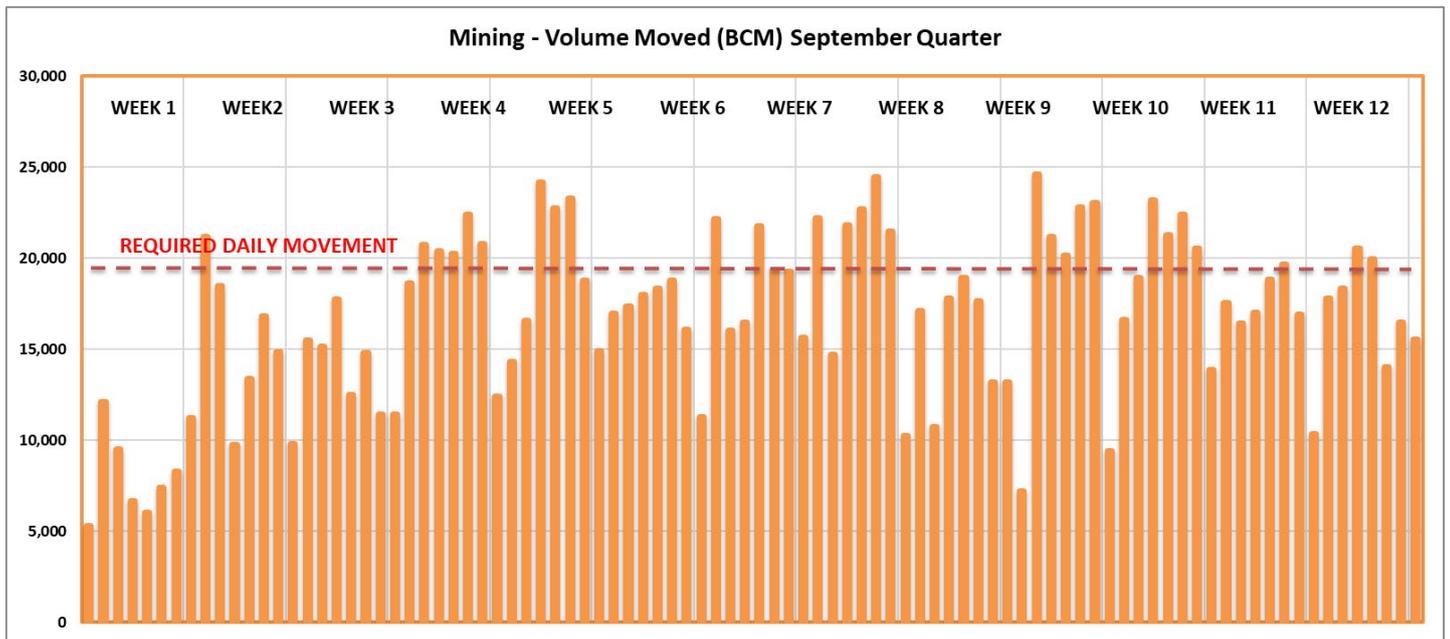
Geology

A further 14,493m of RC grade control drilling was completed during the quarter, with an additional 20,000m planned for the remainder of 2022. In the 4 months to date, the grade control model reconciliation to the resource model grade is 100% with a 13% reduction in ore tonnes. The reduction in tonnage is attributable to the exclusion of lower confidence ore blocks away from the main ore zone and it is expected that slightly increased mining rates will make up for any lower ore tonnes predicted by the grade control to date.

Mill head grade and reconciled gold output was lower than the diluted grade control model predicted (0.78g/t v 1.01g/t). This is under review and is believed to be attributable to a combination of blasting and mining practices that are subject to a continuous improvement programme. These practices resulted in unexpected ore loss and dilution to that modelled in the Feasibility Study. To improve mine to mill reconciliation, Calidus has implemented the following initiatives:

- An external grade control specialist has been mobilised to site to review grade control and mining practices, and has suggested changes to the current system that are being implemented;
- An external blasting specialist has been mobilised to site to review blasting practices and assist with training staff;
- A 3D blast monitoring system has been implemented to better predict ore block positions and grade post blast;

- Additional geologists and pit technicians will be employed to ensure these extra initiatives can be fully covered; and
- A Calidus Mining Superintendent responsible for ensuring quality mining practices has commenced.



BCM moved per day September Quarter

FORWARD LOOKING STATEMENTS

This announcement includes certain “forward looking statements”. All statements, other than statements of historical fact, are forward looking statements that involve risks and uncertainties. There can be no assurances that such statements will prove accurate, and actual results and future events could differ materially from those anticipated in such statements. Such information contained herein represents management’s best judgement as of the date hereof based on information currently available. The Company does not assume any obligation to update forward looking statements.

DISCLAIMER

References in this announcement may have been made to certain ASX announcements, which in turn may have included exploration results and Minerals Resources. For full details, please refer to the said announcement on the said date. The Company is not aware of any new information or data that materially affects this information. Other than as specified in this announcement and mentioned announcements, the Company confirms it is not aware of any new information or data that materially affects the information included in the original market announcement(s), and in the case of estimates of Mineral Resources that all material assumptions and technical parameters underpinning the estimates in the relevant announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original announcement.

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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