

ASX ANNOUNCEMENT

19 August 2019

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.

DIRECTORS AND MANAGEMENT

Mr Mark Connelly
NON-EXECUTIVE CHAIRMAN

Mr David Reeves
MANAGING DIRECTOR

Mr Adam Miethke
NON-EXECUTIVE DIRECTOR

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AUSTRALIA

Calidus launches major drilling campaign to increase mine life

15,000m program will target greenfields mineralisation, resource extensions and de-risk the project through infill drilling

Calidus Resources Limited (ASX: CAI) is pleased to provide an exploration update in relation to its 1.25Moz Warrawoona Gold Project in Western Australia's Pilbara region.

HIGHLIGHTS

- **A major drilling campaign comprising Reverse Circulation (RC) and diamond drill rigs has commenced at the Company's 1.25Moz Warrawoona Gold Project**
- **The campaign aims to both improve confidence and expand the mine life outlined in the recent pre-feasibility study (PFS)**
- **The program includes:**
 - **6,500m of RC and core drilling infilling proposed underground resources at the Klondyke deposit**
 - **3,900m of RC drilling at Klondyke aiming to convert Indicated to Measured Resources during initial years of production (as per PFS)**
 - **1,600m of shallow RC drilling at Klondyke East aimed at expanding pit limits**
 - **3,000m of RC drilling at Klondyke West testing a number of high-priority regional exploration targets**
 - **The drilling will be funded by the proceeds of Calidus' recent \$9m share placement**
- **Calidus is well positioned to execute its strategy to undertake ongoing exploration in parallel with delivering a Definitive Feasibility Study in Q3 2020**

Calidus Managing Director David Reeves said: *"The recent successful capital raising has given us the funds to aggressively pursue the immense upside at Warrawoona.*

"We will accelerate drilling at Klondyke to extend mine life and increase confidence in the Mineral Resources. This is in line with our strategy to grow the Ore Reserve while also adopting a conservative, prudent approach to the resource and any future mining operation."

"In addition, we will start to more thoroughly test greenfield targets to the far west of Klondyke where near-surface drilling earlier this year intersected ore grade mineralisation 5km along strike of Klondyke."

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“As part of our organic growth strategy, we will also drill additional holes at depth below the both the current Klondyke Resource where recent structural work suggests that the deposit should remain open at significant depths and target down-dip extensions to the high grade intercepts on the St George Shear where recent results included 13m @ 11.1g/t Au.”

EXPLORATION PROGRAMME UPDATE

The Klondyke deposit remains open in all directions and has the potential to grow substantially both along strike and down dip to expand the mine life as outlined in the PFS.

A multi-rig drilling programme is currently underway onsite with the goal of converting and growing the 1.15Moz Klondyke resource that formed the foundation of the recently completed Pre-Feasibility Study. This programme will also include regional drilling at Klondyke West across a number of high priority targets to commence building a pipeline of development prospects. Results from a recent structural geology study undertaken onsite have assisted in the development of a predictive structural model to assist with targeting gold mineralisation at Klondyke. The programme will continue throughout CY2019 with significant results to be released when available.

Proposed Klondyke Resource Conversion Programmes

Calidus has planned an 88 RC hole drilling programme totalling 3,881m inside a selected area within the proposed pit that encompasses the first year of production at the Klondyke Gold Deposit, refer to Figure One. This shallow RC drilling will be undertaken at a 12.5m x 12.5m spaced grid to allow conversion of existing Indicated resources to Measured resources with results expected to provide higher confidence around predicting operational outcomes.

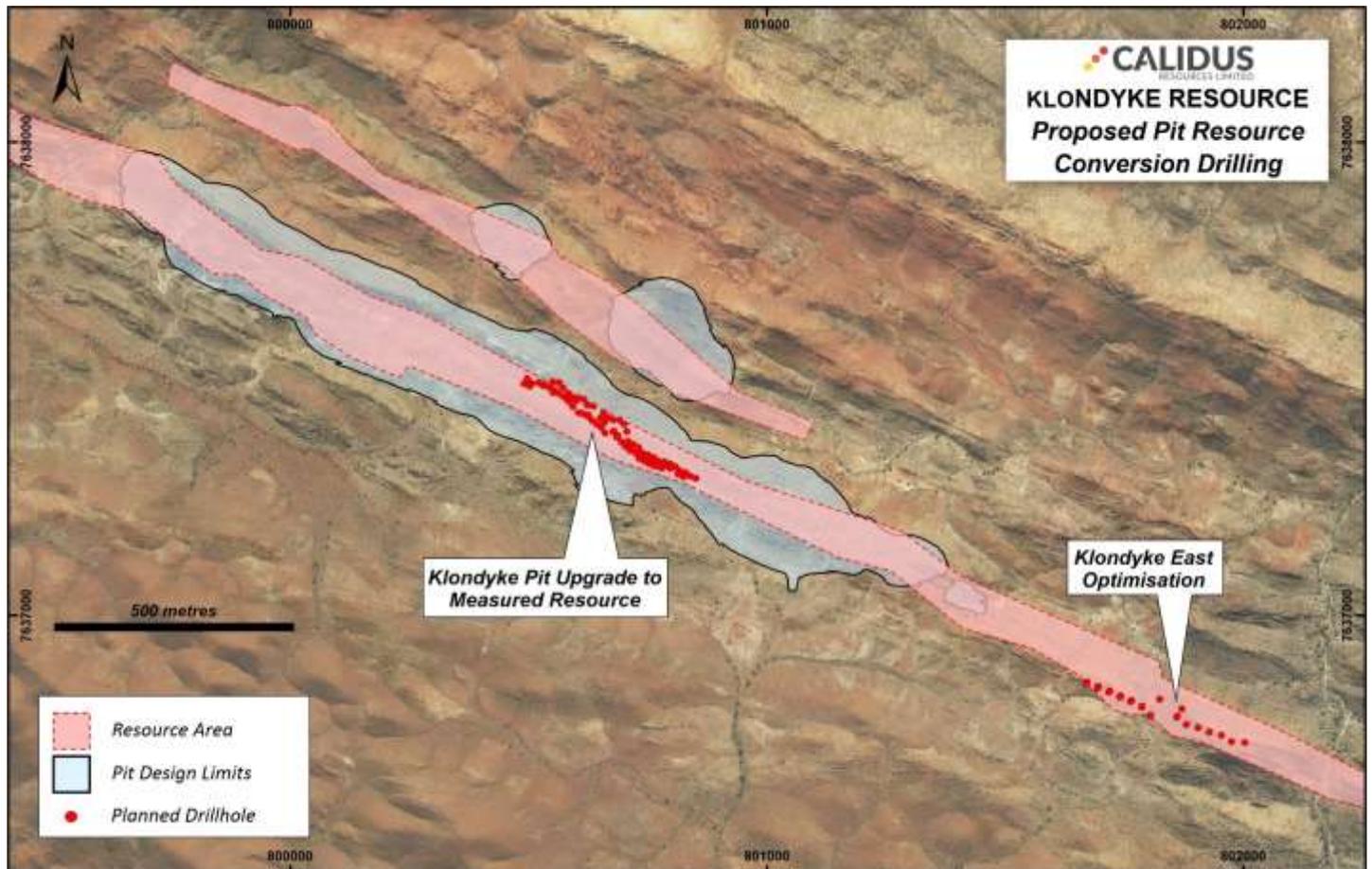


Figure One: Orthophoto over Klondyke current resource area showing planned drillholes at 12.5m x 12.5m grid inside proposed starter pit as well as planned holes to optimise current resources immediately east of the proposed pit.

A 6,550m RC/diamond drilling programme at Klondyke is currently underway with all RC pre-collars now complete. 25 holes are being drilled in a Phase One programme targeting down plunge extensions of the currently defined Mineral Resources to a vertical depth below surface of approximately 280m, refer to Figure Two. Once Phase One results have been received and interpreted by the geological team, a Phase Two programme will be refined and undertaken to target high grade shoot locations.

Recent modelling and evaluations suggest the current Resources to the east of the proposed Klondyke pit are restricted by drilling. The PFS optimisation indicated a number of smaller and shallow open pits immediately to the east of Klondyke could be economically extracted. These areas are not currently included in the PFS pit design and the planned drilling is aimed at increasing drill density to assist in including these areas into one homogeneous pit that can be included in the feasibility study, refer to Figure One.

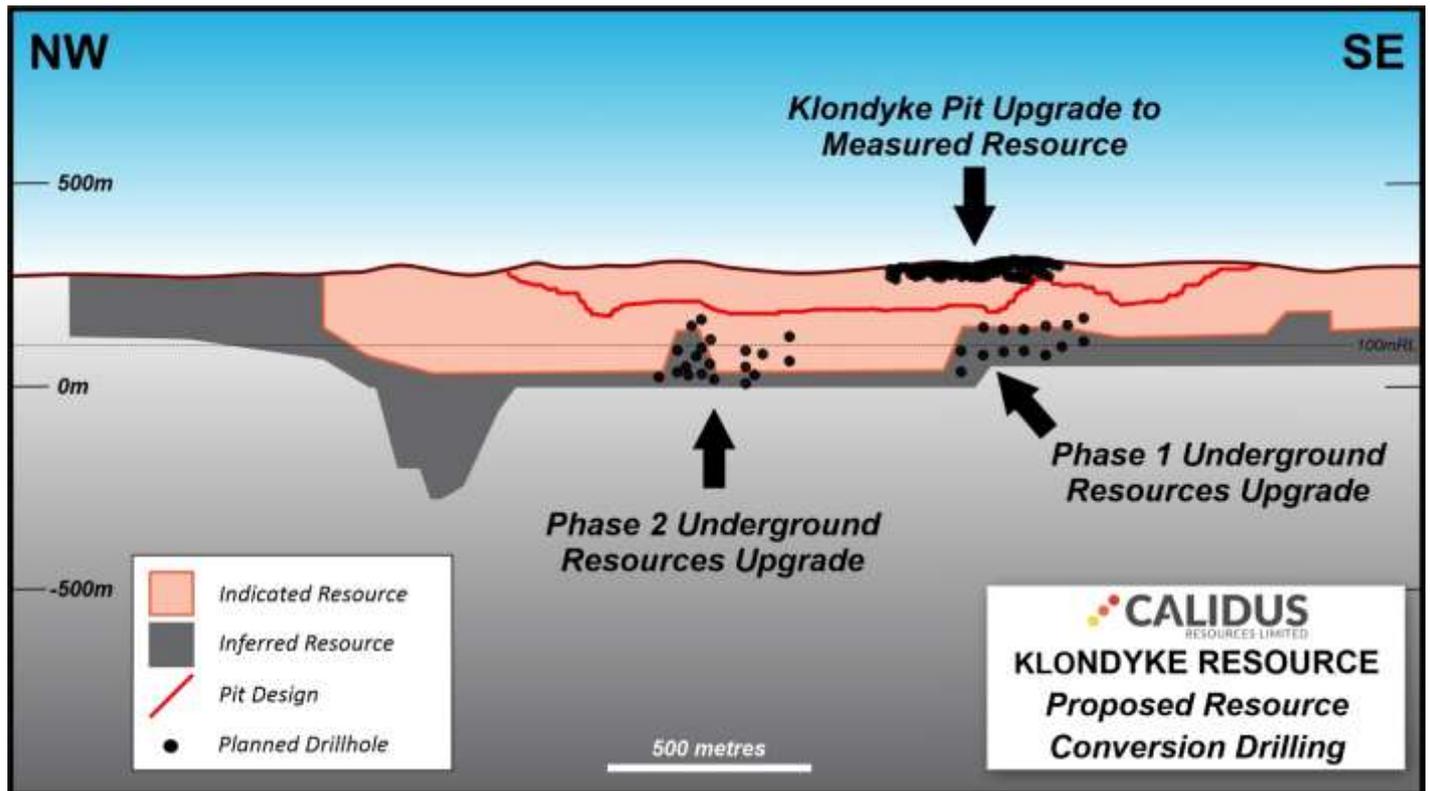


Figure Two: Long section showing Feb 2019 Klondyke resource extents and planned RC and core drilling

The planned RC drilling programme aims to test the interpreted moderate west plunge to high-grade shoots and potentially extend the resources in this zone. Previous drilling on the western margins of interpreted plunging structures supports continued lode definition and similar grade potential. The depth of the drill programme of approximately 65m is considered potential amenable to open pit mining methods.

Klondyke West Regional Exploration

The recent geological modelling and detailed structural review across the Klondyke and St George Shears indicates significant potential to continue to grow the current 1.25Moz Resource through additional drilling both along strike and down-dip. The Company has already confirmed the potential ability of the regional shear zones within close proximity to Klondyke to deliver additional +2g/t Au mineral resources (Copenhagen, Coronation and Fieldings Gully) and is planning to continue exploration drilling across high-priority regional exploration targets across the Klondyke and St George Shears West of the Klondyke resource to further develop the resource pipeline.

In early 2019, examination of hyperspectral imagery showed that over the Klondyke and St George area, different segments of shear zones were marked by varying intensity of muscovite alteration. There is a strong positive correlation between segments of shear zones marked by strong muscovite alteration and gold grades determined by drilling.

One of the most prominent features of the sections through the ore zones at Klondyke is the profound asymmetry of the alteration: fuchsite alteration in the footwall and sericite alteration in the hanging-wall. The alteration asymmetry implies that the Kopcke's leader is located at the contact between two different mafic units: a high-Cr (high-Mg) mafic unit below the chert and a low-Cr mafic unit above the chert. This contact marks an erosion surface with subsequent clastic deposition during a hiatus in volcanism. The Kopcke's Leader chert unit has a remarkable strike and depth continuity over the Klondyke Resource area and up to 5kms along strike, providing a strong marker unit to guide exploration drilling across the structure. Approximately 3,000m of RC drilling is being planned to systematically test high-priority targets throughout the Klondyke West area.

Predictive Structural Model

A highly regarded geological consultant was engaged in May to develop a structural model for gold mineralisation at the Klondyke resource. This project included interpretation of regional geophysical and geochemical datasets as well as field mapping. The outcome was driven by Calidus's desire to design future drilling programme around a field evidence based structural model for mineralisation.

Controls on high-grade gold have been determined by the shape and size of laminated quartz boudins, which includes moderate to gentle pitching orientations (50°-30°) to the west and east respectively within the plane of the Kopcke's Leader. Review of the current resource block model shows ore continuity in the boudin pods. North-pitching stacked ore lenses at ~5g/t Au are separated by lower grade 2-3ppm Au zones interpreted as boudin necks.

A drilling strategy has been developed based on the improved understanding of the structural controls on gold mineralisation and will be implemented during the remainder of 2019.

For further information please contact:

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Managing Director

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Notes Specific-ASX Announcements

The following announcements were lodged with the ASX and further details (including supporting JORC Reporting Tables) for all references in this Announcement can be found in the following releases. Note that these announcements are not the only announcements released to the ASX but specific to exploration reporting on the Warrawoona Gold Project. The Company confirms that it is not aware of any new information or data that materially affects the information on the Project.

- Intercepts of up to 107g/t to underpin Resource upgrade: 30th July 2019;
- Infill Drilling Results Increase Confidence in Resource: 20th June 2019;
- IP Survey Significantly Enhances Potential - Amendment: 7th June 2019;
- Drilling returns up to 9g/t – Scope for Resource Increase: 4th June 2019;
- Wide Outcropping gold mineralisation in Calidus' Resource: 11th April 2019;
- Calidus Grows Resource by 75% to 1.25Moz: 6th February 2019.

COMPETENT PERSON STATEMENT

The information in this announcement that relates to exploration results is based on and fairly represents information compiled by Jane Allen a competent person who is a member of the AusIMM. Jane Allen is employed by Calidus Resources Limited and holds shares in the Company. Jane 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. Jane Allen consents to the inclusion in this announcement of the matters based on her work in the form and context in which it appears.

The information in this report that relates to Klondyke, Copenhagen and Coronation Mineral Resources is based on and fairly represents information compiled or reviewed by Mr. Lynn Widenbar, Principal Consultant of Widenbar and Associates Pty Ltd, who is a Member of the AusIMM and the AIG. Mr. Lynn Widenbar is a full-time employee of Widenbar and Associates Pty Ltd. and has sufficient experience, which is relevant to the style of mineralisation and types of deposit under consideration and to the activities 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. Mr. Lynn Widenbar consents to the inclusion of the report of the matters based on the information in the form and context in which it appears.

The information in this report that relates to Ore Reserves is based on and fairly represents information compiled or reviewed by Mr. Steve O'Grady. Mr O'Grady has confirmed that he has read and understood the requirements of the 2012 Edition of the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. He is a Competent Person as defined by the JORC Code 2012 Edition, having more than five years experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity for which he is accepting responsibility. Mr O'Grady is a Member of the AusIMM and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

ABOUT CALIDUS RESOURCES

Calidus Resources (ASX:CAI) is an ASX listed gold exploration company which controls the entire Warrawoona Gold Project in the East Pilbara district of the Pilbara Goldfield in Western Australia.

The Warrawoona Gold Project hosts a total Mineral Resource of 1,248,000 ozs at 1.83g/t Au (Indicated Mineral Resource of 13.5 Mt @ 1.83 g/t Au for 795,000 ozs, Inferred Mineral Resource of 7.7Mt @ 1.81g/t Au for 453,000 ozs) defined over a continuous 5km of strike which remains open in all directions. The Company controls approximately 781 square kilometres of prospective tenements that host over 200 historic workings and three satellite Mineral Resources at Fieldings Gully, Copenhagen and Coronation.

A robust PFS was delivered in July 2019 that showed a base case of Warrawoona producing 100,000ozs pa over a 6 year mine life at an AISC of A\$1,159/oz. A feasibility study and permitting is now underway as is additional drilling aimed at extending mine life and highlighting the large regional potential of the area.