

ASX ANNOUNCEMENT

17 October 2018

ABOUT CALIDUS RESOURCES

Calidus Resources is an ASX listed gold exploration company which 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

Mr Keith Coughlan
NON-EXECUTIVE DIRECTOR

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GEOLOGY MANAGER

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STRATEGIC PLACEMENT TO ALKANE RESOURCES RAISES \$3.7m

Introduction of Strategic Investor and Fully Funded to Complete Feasibility Studies

Calidus Resources Limited (ASX:CAI) (**Calidus** or the **Company**) is pleased to announce a strategic placement of 125m shares at an issue price of 2.95c/share to Alkane Resources Ltd (**Alkane**) (ASX:ALK) to raise proceeds of approximately \$3.7m.

Proceeds of this capital raising, together with Calidus' existing cash position, provide sufficient funding for the Company to complete the upcoming resource update and pre-feasibility study (PFS). A strategic technical alliance is also formed with a shareholder with operating experience (via Alkane's Tomingley Gold Operation).

The new shares and free-attaching options will be allotted in one tranche pursuant to the Company's existing capacity under Listing Rules 7.1 and 7.1A.

HIGHLIGHTS

- Calidus to raise an initial ~\$3.7m via the placement of 125m shares to Alkane at 2.95c/share. This represents a premium of 13.5% over the last closing price and is in line with the 5-day VWAP¹.
- Calidus to issue Alkane 70m free-attaching unquoted options, exercisable at 3.5c each on or before 1 November 2019. This has the potential to bring another \$2.45m of funds into the Company (if exercised).
- Strategic technical alliance as part of funding allows Calidus to leverage Alkane's operational experience and cost base to assist in its upcoming studies.
- Alkane operates the Tomingley Gold Mine in NSW that last year produced 78,533 ozs. Alkane has just approved the development of an underground mine at Tomingley and has embarked on an aggressive exploration programme to expand resources in the region.

¹ Calculated at 12/10/2018

Calidus Managing Director Dave Reeves commented, "This strategic placement to Alkane means that Calidus is now fully funded through the upcoming pre-feasibility study and as we continue to advance exploration at Warrawoona. We welcome Alkane on to the register, not just as a shareholder but as an operating gold producer with a wealth of knowledge and skills that is now available to Calidus under a technical alliance. A pre-feasibility study is expected to commence on completion of the resource upgrade that is anticipated to occur when all results are received from the current drill programme that has 4 to 6 weeks to run."

Capital Raising

Calidus today announces a placement of 125 million shares to Alkane at \$0.0295 each to raise \$3,687,500 (**Placement**).

The issue price of the Placement represents a 13.5% premium to the last closing price of \$0.026 on 12 October 2018 and broadly in line with the 5-day VWAP.

The Company will also issue 70 million free-attaching unquoted options to Alkane, exercisable at \$0.035 each on or before 1 November 2019.

The Company has signed a Subscription Agreement with Alkane to raise the full amount of the Placement, with the Placement shares and options expected to be issued on or about 18 October 2018 using Calidus' placement capacity under ASX Listing Rules 7.1 and 7.1A as follows:

Listing Rule	Shares	Options
Issued under Listing Rule 7.1	33,152	70,000,000
Issued under Listing Rule 7.1A	124,966,848	
TOTAL	125,000,000	70,000,000

In accordance with the Subscription Agreement, if at any time Alkane's percentage holding in the Company exceeds 10% on a fully diluted basis, it will have the right to appoint a nominee director to the board of Calidus and, subject to receipt of any necessary ASX waiver, anti-dilution rights in relation to future capital raisings through to 30 June 2020. In addition, Calidus and Alkane will immediately form a technical committee with a view to accelerating the Warrawoona Gold Project feasibilities.

At the completion of the Placement, the Company will have approximately 1,419 million shares on issue and Alkane will hold approximately 8.81% of the Company's issued securities or 6.65% of the fully diluted capital of the Company (excluding the exercise of Alkane's options). If Alkane were to exercise the 70m options, it would hold 10.00% of the fully diluted capital structure of Calidus.

The Company is delighted to welcome Alkane onto the register and by doing so, access its operating knowledge for the upcoming feasibility studies.

The Placement underpins the Company's planned feasibility studies that are intended to commence in Q1 2019.

Discovery Capital Partners act as corporate advisor to Calidus.

Use of funds

The proceeds from this Placement will be used primarily to complete feasibility studies on the Warrawoona Gold Project where a resource upgrade is anticipated following the completion of this year's drilling.

For further information please contact:

Dave Reeves
Managing Director

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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 712,000 ozs at 2.11g/t Au (Indicated Mineral Resource of 8.4 Mt @ 2.01 g/t Au for 541,000 ozs, Inferred Mineral Resource of 2.1Mt @ 2.51g/t Au for 171,000 ozs) defined over a continuous 2.6km of strike which remains open in all directions. The Company controls approximately 550 square kilometres of prospective tenements that host over 200 historic workings and two satellite Mineral Resources at Fielding's Gully and Copenhagen.

The Directors believe that the Company is well positioned to grow the current resource base around the existing resources and via regional exploration. This is positioning the Company to become a new Australian focussed gold development company.

JORC Information

The information in this announcement that relates to Mineral Resources is extracted from the announcement entitled "74% Increase in High Grade Warrawoona Resource to 712,000ozs" dated 18 December 2017 which is available to be viewed on the Company's website (www.calidus.com.au) and which is based on information compiled by Mr Daniel Saunders (in respect of the Copenhagen Mineral Resource) and Mr Lynn Widenbar (in respect of Klondyke and Fieldings Gully Mineral Resources) as Competent Persons. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original announcement, 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 Persons' findings are presented have not materially changed.