

## 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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NON-EXECUTIVE CHAIRMAN

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AUSTRALIA

21 September 2020

# Calidus to acquire high-grade Blue Spec gold mine near Warrawoona

**CAUTIONARY STATEMENT:** The estimates of Mineral Resources were originally reported by Northwest Resources Limited on 30 September 2013 as a JORC 2012 compliant Resource by a Competent Person employed by Northwest Resources. A competent person engaged by Calidus has not done sufficient work to confirm these estimates. It is possible that following evaluation and/or further exploration work the currently reported estimates may materially change and hence will need to be reported afresh by Calidus under and in accordance with the JORC Code 2012. Nothing has come to the attention of Calidus that causes it to question the accuracy or reliability of the Northwest's estimates, but Calidus has not independently validated the Northwest's estimates. Calidus has commissioned an updated JORC 2012 Resource which it will release to market when completed.

# Blue-Spec Resource of 219,000oz at 16.3g/t Au offers potential to grow production and mine life at Warrawoona

## **HIGHLIGHTS**

- Calidus has signed a binding agreement with Novo Resources Corp. (TSX.V:NVO) for the acquisition of the high-grade Blue Spec Gold/ Antimony Project in the Pilbara region of Western Australia for A\$19.5 million cash consideration
- Located within trucking distance (~70km) of the Warrawoona Gold Project
- Established JORC 2012-Compliant Mineral Resources currently undergoing review by Calidus of 415kt @ 16.3g/t Au and 1.3% Sb for 219koz Au and 5.2kt Sb
- Strong exploration potential down dip and along strike
- Blue Spec has historical production of ~60koz Au at more than 25g/t Au<sup>1</sup>
- Strong potential operational and capital cost synergies between Blue Spec and Warrawoona, while maintaining exposure to ongoing exploration potential:
  - Focus on increasing production profile, extending mine life and maximising value of planned infrastructure at Warrawoona
  - Provides flexibility around timing and scheduling of mine operations at Warrawoona
  - Calidus can utilise in-house expertise and capacity to fast track development of Blue Spec
  - Planning to utilise existing infrastructure at Warrawoona, which already includes a sulphide plant for treatment of a high-grade open pit satellite deposit
- Demonstrates Calidus' commitment to establishing a new regional gold production hub in the East Pilbara district of the Pilbara Goldfield
- Plan to commence a strategic review/ integration study and further metallurgical testwork drilling on completion

Calidus Resources Limited (**Calidus** or **the Company**) (ASX:CAI) is pleased to announce it has entered into a binding agreement with Novo Resources Corp. (**Novo**) (TSX.V:NVO) to acquire the high grade Blue Spec Project, located within trucking distance of the proposed Warrawoona Gold Project (**Warrawoona**).

Calidus Managing Director Dave Reeves said:

*"The synergistic acquisition of Blue Spec will allow Calidus to look at increasing production using the planned Warrawoona infrastructure. By leveraging our planned sulphide plant and underground mining base at Warrawoona, we intend to undertake study work aiming to significantly reduce costs associated with mining and processing this very high grade deposit, which has the potential to add significant production ounces to Calidus in future years.*

*"Extensive work has already been completed at Blue Spec, including mining, metallurgical and environmental studies which will allow a rapid progression of the deposit into our Warrawoona mine plan. With early construction works now underway at Warrawoona and main project construction commencement on track for early next year, we will advance Blue Spec as rapidly as possible.*

*"Blue Spec is one of the highest grade gold deposits in Australia and we look forward to reporting on study work and exploration in parallel with the progress being made in construction at Warrawoona".*

## **PROJECT DESCRIPTION**

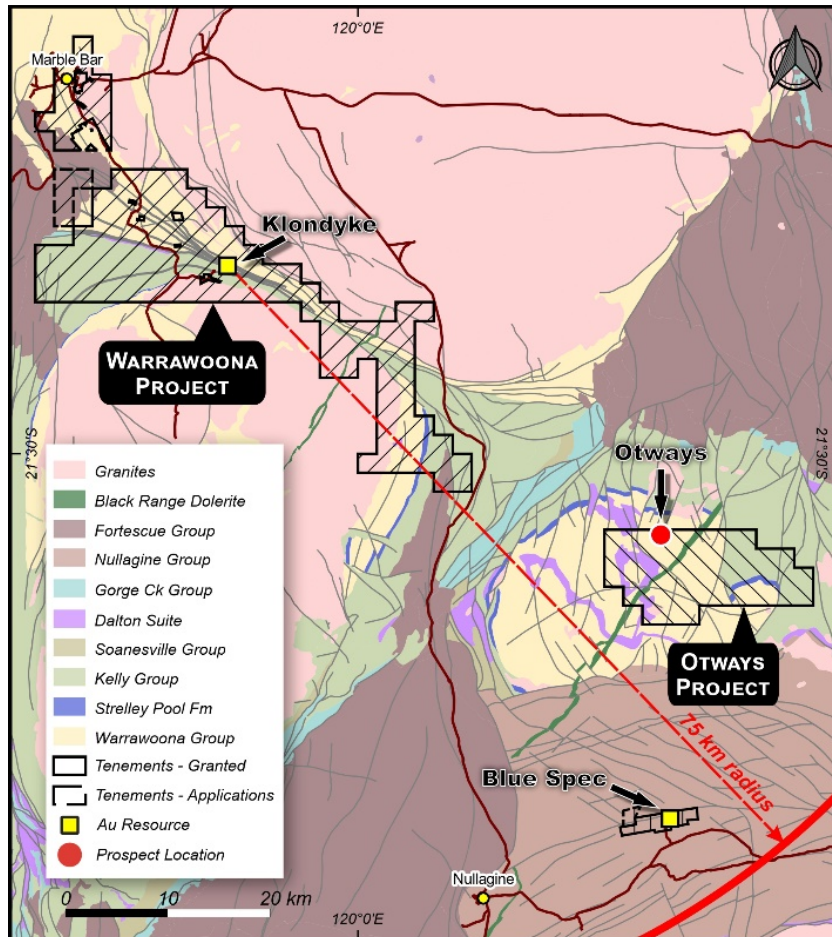
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<sup>1</sup> Northwest Resources Prospectus dated 25 October 2004

## Overview

The Blue Spec Project (**Blue Spec** or **the Project**) is located 20km south east of Nullagine and 70km from Calidus' 100% owned Warrawoona Gold Project. The Project is accessible by existing roads and a condition of the sale agreement is Novo granting a licence agreement permitting Calidus access to Novo owned roads and across tenements to facilitate potential future transport of material from Blue Spec to Warrawoona.

Figure 1: Blue Spec Location

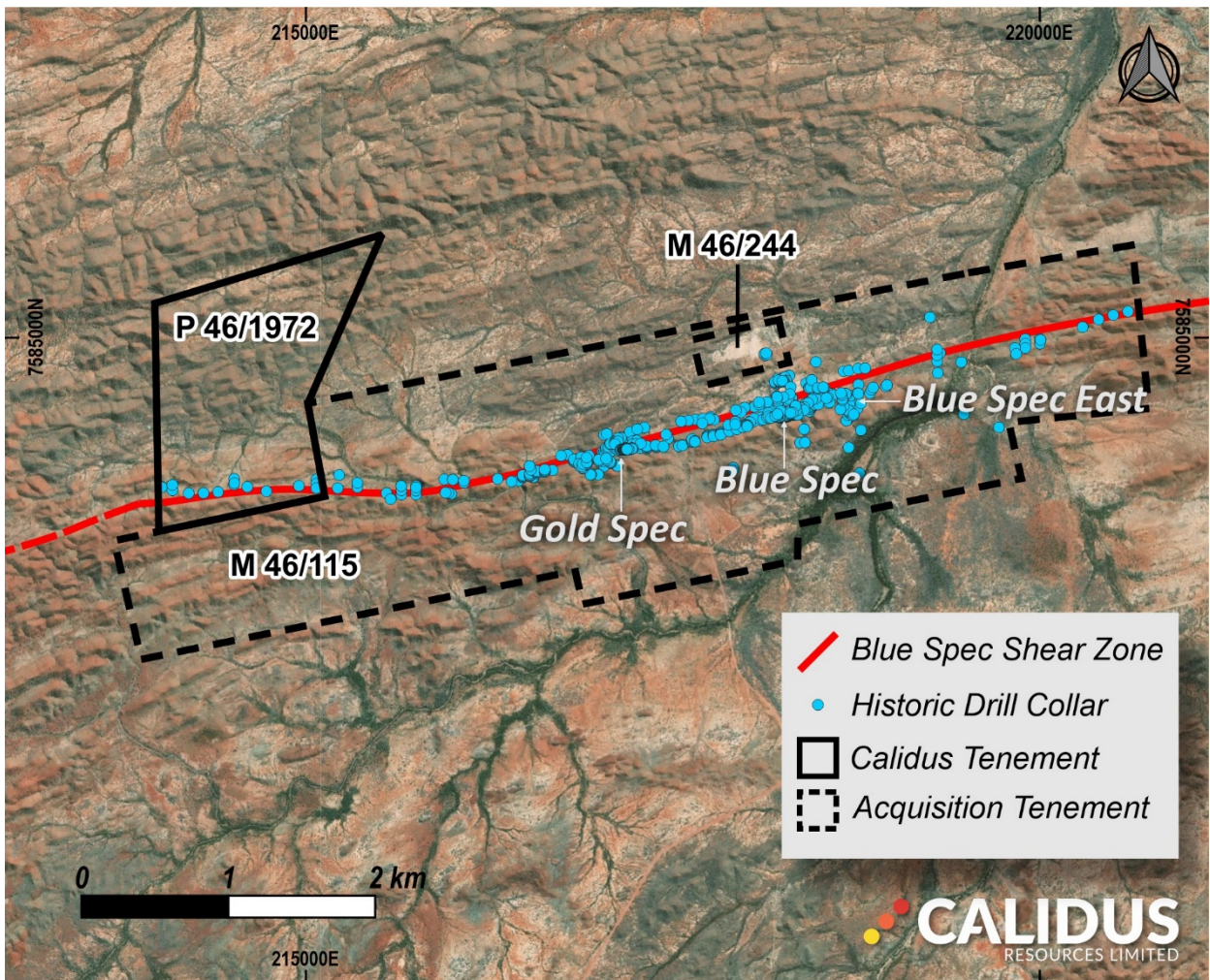


The Blue Spec mine was mined historically to 320m vertical depth with existing decline and shaft infrastructure. Surface infrastructure includes offices and workshops, extensive roads, and historical processing facility and tailings dam.

Blue Spec is known for hosting coarse gold mineralisation and is amenable to gravity separation and processing through the proposed 100ktpa sulphide plant that is to be located at Warrawoona next to the main 2mtpa CIL plant.

Given its close proximity, Blue Spec has significant potential to provide a strategic high-grade satellite feed to Warrawoona enhancing the production profile and extending mine life at a relatively low capital intensity. The Project also provides Calidus with potential for increased flexibility around mine scheduling at Warrawoona. In addition, some of the plant and infrastructure at Blue Spec may be suitable to include in the proposed 100 ktpa sulphide plant. The acquisition leases lie immediately adjacent to Calidus lease application P46/1972 which is immediately along strike of the main Blue Spec shear.

Figure 2: Blue Spec Leases



## History

### Blue Spec

The Blue Spec deposit was discovered in 1906. Early mining to a depth of 180m vertical was undertaken by following the vein system one level at a time. Stope developments were poorly designed for the style of orebody and drives often ended in ore grade material. The historical ore grade cut-off in the upper levels was also higher at 22 to 28g/t and as a result, only a small proportion of upper level ore was mined.

Anglo American (**Anglo**) acquired the Blue Spec mine in 1974 and defined an ore reserve from the 180m to 320m vertical level. Anglo sunk a new triple compartment shaft to the 180m level and developed decline access to the reserve. Anglo utilised mechanised cut and fill mining methods with average stope widths of approximately 2m. Stopping of the orebody to widths of less than 1.8m in the western extent of the Blue Spec orebody during the last three periods of production achieved lower dilution rates with production exceeding 36g/t gold and 3.5% antimony.

Anglo closed the mine in 1979 once the original reserve blocks had been extracted.

Historically the Blue Spec mine has averaged production in excess of 25g/t gold with over 60,000oz of gold and 1,500 tonnes of antimony produced from the mine.

## Gold Spec

The Gold Spec mine is located on the Blue Spec Shear approximately 1km west of the Blue Spec mine. The mine was first opened and put into production by Invincible Mining NL in the mid 1980's. The mine produced approximately 20,000oz Au at an average head grade of 12g/t gold. The most recent mining of the main shoot and western shoot was undertaken in 1993 to a depth of 120m.

Northwest Resources (**NWR**) acquired both deposits and advanced exploration and developed scoping level studies incorporating refurbishment and installation of new site infrastructure, re-establishment of the existing shaft and decline access to the ore body. The project was subsequently sold to Novo Resources Corp. who performed limited exploration drilling in 2016.

## Geology

Mineralisation at the Blue Spec deposit is hosted in quartz veins that average 1.5m to 3m in width but which are known to blow out to over 8m in certain zones. High grade gold mineralisation is variously associated with the presence of massive stibnite (the sulphide form of the metal antimony).

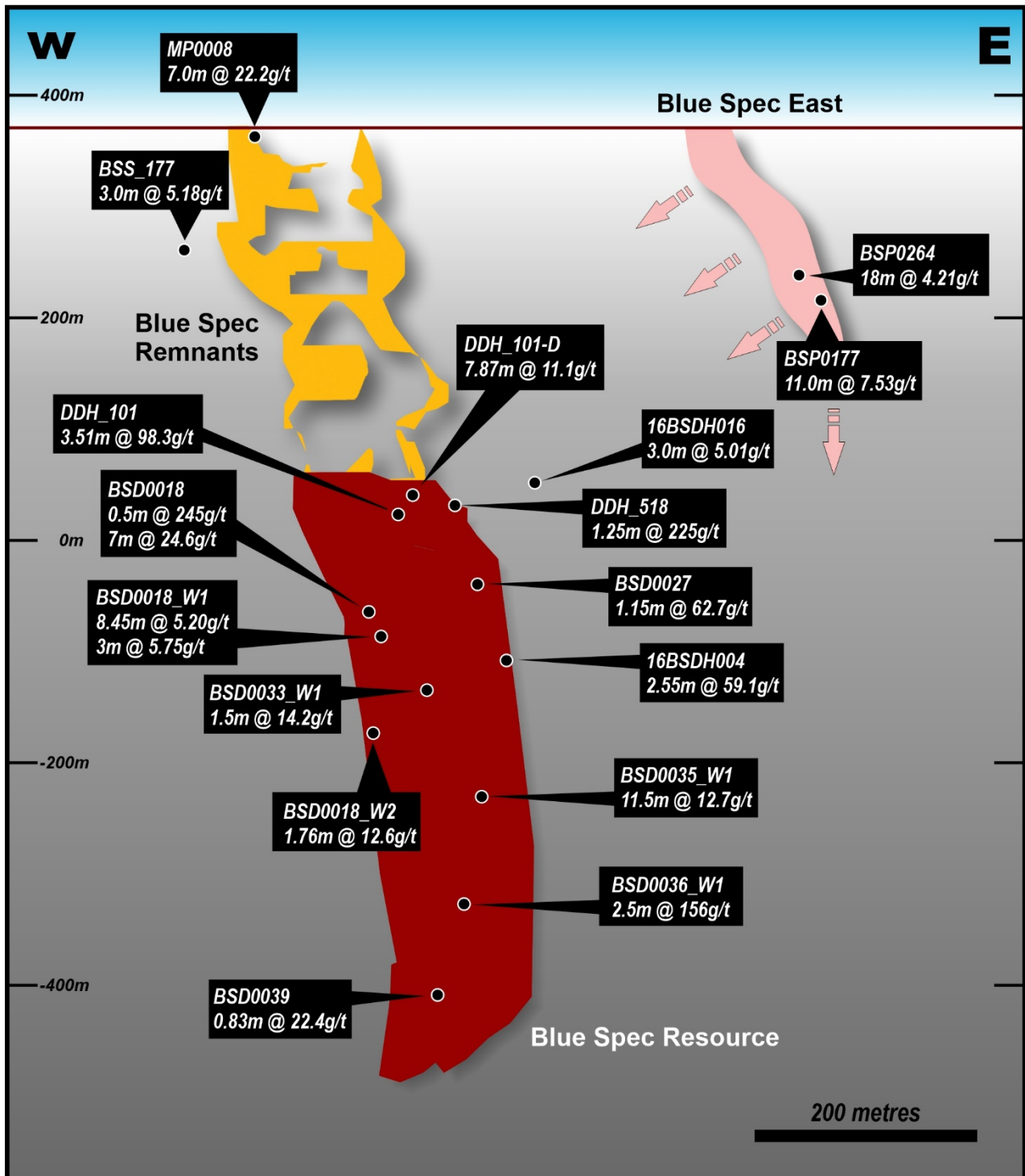
Where defined, the strike length of the Blue Spec ore body has varied from 120m to 160m. In the upper levels of development, the orebody exhibited a near vertical plunge. At the 450m vertical metre level, the dip of the orebody deviates from near vertical to steeply north dipping.

The Blue Spec orebody is characterised by a well defined vein morphology, hosted within a localised structural setting along the Blue Spec Shear. The remarkable plunge continuity over its known depth extent is related to key connection points within the fault network that hosts the deposit. These same connection points have dictated the location of Blue Spec's main high-grade shoot locations from surface to the bottom level of development as evidenced in detailed underground mapping.

Gold mineralisation is of orogenic lode vein style and is hosted by an east-west trending shear zone. Multiple gold-bearing quartz veins occupying steeply plunging shoots occur along this shear zone, which are accompanied by significant amounts of stibnite.

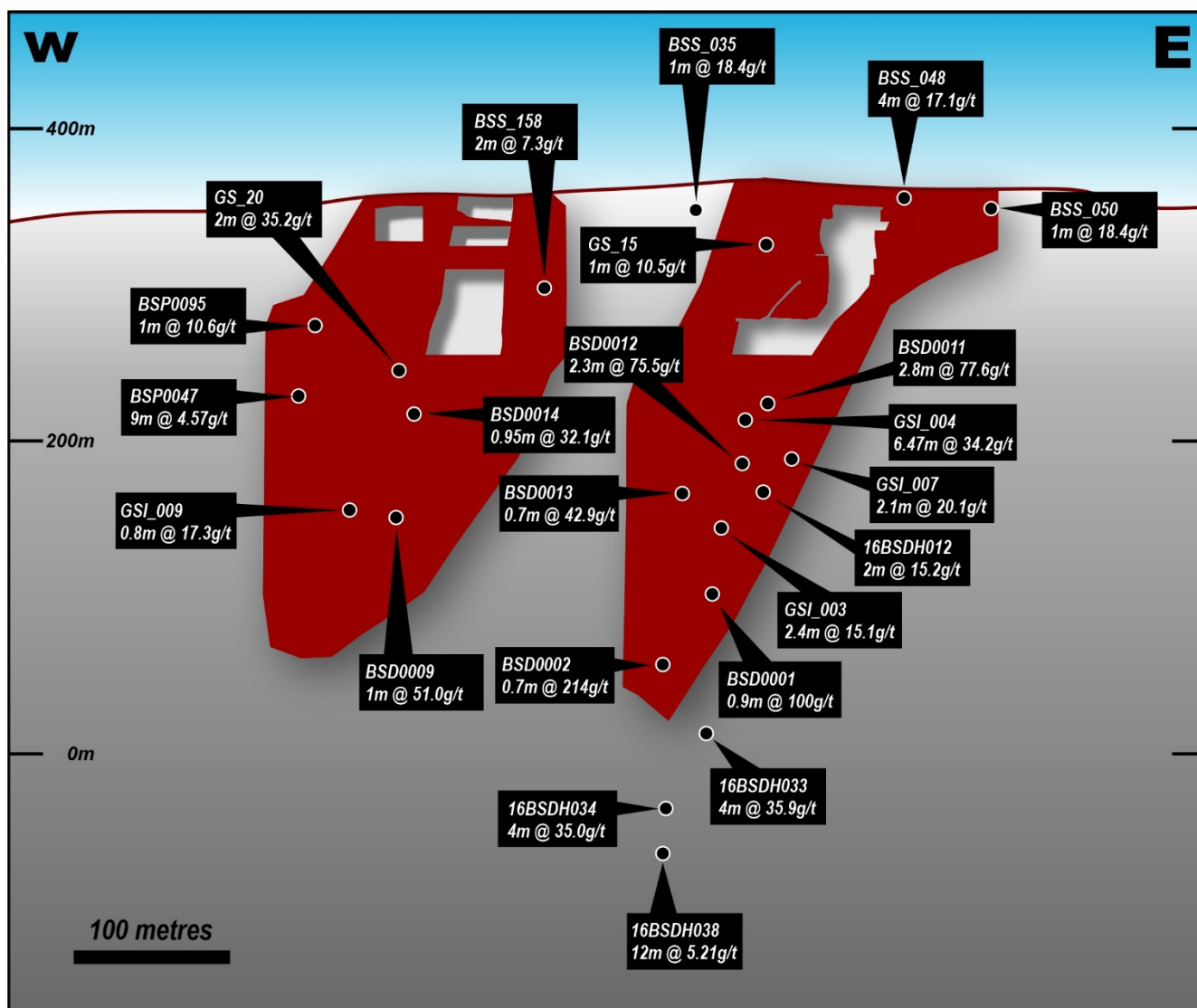
Both the Blue Spec and Gold Spec deposits are open along strike and down dip and associated splay zones have never been fully tested. Historic drill holes at Blue Spec including BSP0264 (18.0m @ 4.21g/t), BSP0177 (11.0m @ 7.53g/t) and 16BSDH016 (3.0m @ 5.01g/t) are located outside the current resource model and suggest immediate potential to expand this deposit through further drilling.

Figure 3: Blue spec long section and drill intercepts



At Gold Spec, Novo drilled down dip of the Northwest Resource and intersected 4m @ 35.9g/t in 16BSDH023, 4m @ 35.0g/t in BSDH033 and 12m @ 5.21g/t which suggests strong potential to expand this deposit.

Figure 4: Gold spec long section and significant drill intercepts



Significant drill intercepts at the deposits are shown below and are based on a 0.5g/t cut-off, minimum width 1m, and up to 2m internal dilution:

### Blue Spec

- 4.5m @ 87.6 g/t Au (incl 2.5m @ 156 g/t) from 713.1m in hole BSD0036\_W1;
- 3.51m @ 98.3 g/t Au from 370.9m in hole DDH\_101;
- 1.25m @ 255 g/t Au from 117.8m in hole DDH\_518;
- 29m @ 7.88 g/t Au (incl 7m @ 22.2 g/t) from 1m in hole MP0008;
- 7m @ 24.6 g/t Au from 468m in hole BSD0018;
- 4m @ 37.9 g/t Au (incl 2.55m @ 59.1 g/t) from 482m in hole 16BSDH004;
- 15.35m @ 9.85 g/t Au (incl 11.5m @ 12.7 g/t) from 608.65m in hole BSD0035\_W1;
- 1m @ 124 g/t Au (incl 0.5m @ 245 g/t) from 457m in hole BSD0018;
- 7.87m @ 11.1 g/t Au from 364.85m in hole DDH\_101-D;
- 2.15m @ 33.8 g/t Au (incl 1.15m @ 62.7 g/t) from 469m in hole BSD0027.

### Gold Spec

- 8.4m @ 26.6 g/t Au (incl 6.47m @ 34.2 g/t) from 151.6m in hole GSI\_004
- 2.8m @ 77.6 g/t Au from 190.3m in hole BSD0011

- **2.3m @ 75.5 g/t Au** from 223.9m in hole BSD0012
- **23m @ 7.48 g/t Au (incl 4m @ 35.0 g/t)** from 376m in hole 16BSDH034;
- **5m @ 30.4 g/t Au (incl 0.7m @ 214 g/t)** from 340m in hole BSD0002;
- **7m @ 20.6 g/t Au (incl 4m @ 35.9 g/t)** from 355m in hole 16BSDH033;
- **1.4m @ 65.3 g/t Au (incl 0.9m @ 100 g/t)** from 299.6m in hole BSD0001;
- **34m @ 2.52 g/t (incl 12m @ 5.21 g/t)** from 385m in hole 16BSDH038.

***Blue Spec East***

- **38m @ 3.42 g/t Au (incl 11m @ 7.53 g/t)** from 137m in hole BSP0177;
- **18m @ 4.21 g/t Au** from 121m in hole BSP0264.

The above intercepts have been selected to demonstrate the prospectivity of the deposits. Investors are cautioned that these select intercepts are not intended to be representative of all results taken from the deposits and should refer to the table at the end of this release for more detailed results.



## Mineral Resource

The Project consists of two high grade shoots, the Blue Spec and Gold Spec deposits, and hosts a global JORC 2012 Mineral Resource of 219,000oz Au at 16.3g/t. Both deposits are open down dip and along strike providing exploration upside to known high grade resources.

Figure 5: Blue Spec Project Long Section

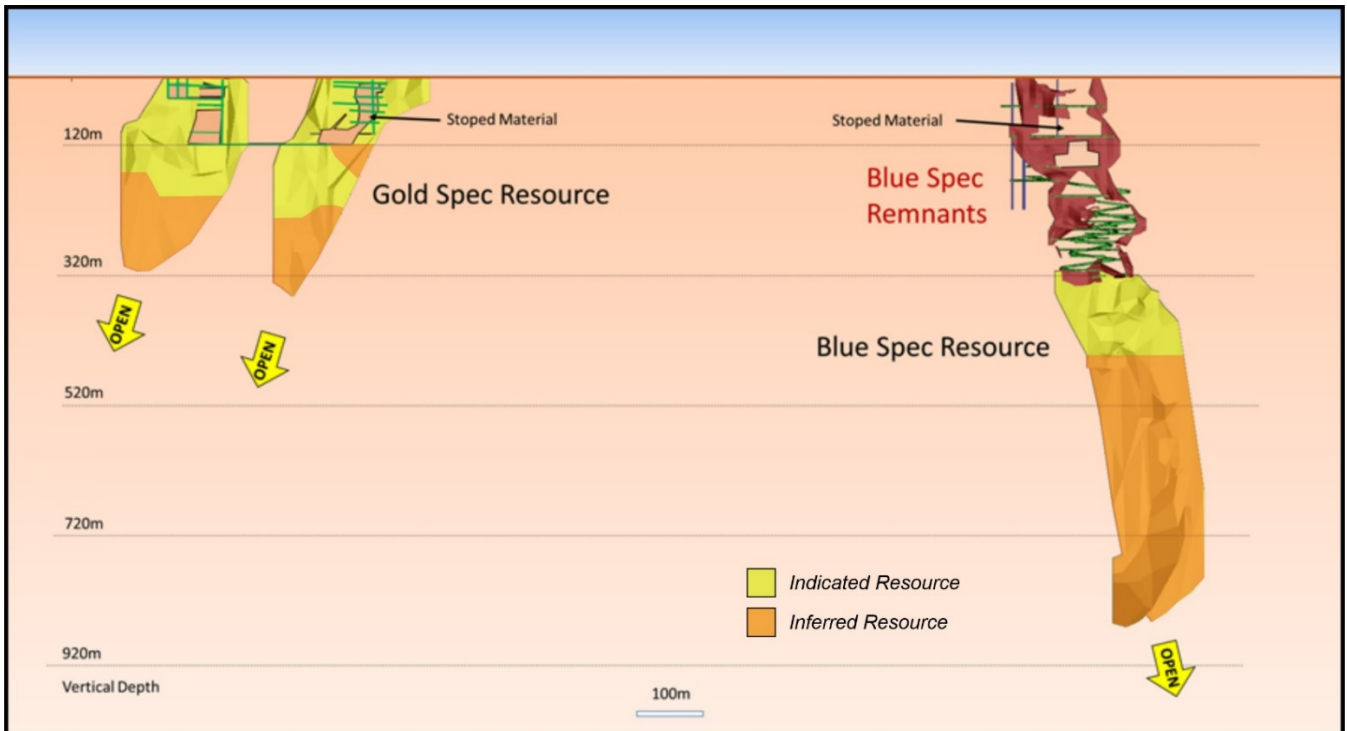


Table 1: Blue Spec Project Mineral Resource

Deposit	Cut-Off (g/t)	Indicated				Inferred				Total			
		Kt	Au (g/t)	Sb (%)	Koz Au	Kt	Au (g/t)	Sb (%)	Koz Au	Kt	Au (g/t)	Sb (%)	Koz Au
Blue Spec	3	84.0	29.1	2.2	79	234.0	12.2	0.9	92	318.0	16.7	1.3	171
Gold Spec	3	67.0	12.4	1.1	27	30.00	21.6	1.4	21	97.0	15.2	1.2	48
<b>Total</b>		<b>151.0</b>	<b>21.69</b>	<b>1.71</b>	<b>106</b>	<b>264.0</b>	<b>13.27</b>	<b>0.96</b>	<b>113</b>	<b>415.0</b>	<b>16.35</b>	<b>1.28</b>	<b>219</b>

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ASX recognises the potential conflict between the detailed reporting requirements in Chapter 5 of the Listing Rules, and an acquirer's obligation under Listing Rule 3.1 to disclose immediately information that a reasonable person would expect to have a material effect on the price or value of its securities. To address this potential conflict ASX has, in close collaboration with ASIC and JORC developed disclosure requirements which allow resources reported by other entities to be reported in accordance with Listing Rule 3.1, notwithstanding that the acquiring entity (being Calidus), has not yet had sufficient opportunity to report the resource in accordance with Chapter 5 of the Listing Rules. Accordingly, Calidus makes the below disclosure in accordance with Listing Rule 3.1.

This estimate, disclosed in a news release dated 30 September 2013 issued by Northwest and in the mineral resource statement (**Northwest Estimate**) issued by Northwest on the same date, are stated to have been reported in accordance with the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 JORC Code) (**Northwest Announcement**).

The Northwest Estimates has been reported by the former owner (being Northwest - which then sold the project to Novo) rather than Calidus. No reserves have been reported on the Blue Spec Project.

The Northwest Announcement dated 30 September 2013 is available at <https://www.asx.com.au/asxpdf/20130930/pdf/42iq6291zf481v.pdf> and was reported under the 2012 JORC Code. Calidus has not yet undertaken sufficient work on the Blue Spec Project and the material assumptions underpinning the resource contained in the Northwest Announcement to determine with sufficient confidence that the estimate conforms to the requirements set out in the 2012 JORC Code. However, Calidus has undertaken a:

- review of the exploration results underpinning the resource, which are set out in JORC Table 1, sections 1 and 2 of this announcement (**Exploration Results**);
- review of the metallurgical testwork undertaken by Northwest, which is summarised in this announcement (**Metallurgical Testwork**); and
- high level review of the items set out in JORC Table 1, section 3 of the Northwest Announcement.

Save for the information set out in the Exploration Summary and Metallurgical Testwork set out in this announcement, Calidus makes no comment on the reliability of the Northwest Estimates.

The Northwest Announcement was based on the Exploration Results and Metallurgical Testwork set out in this announcement, as well as the estimation and reporting work set out in JORC Table 1, Section 3 of the Northwest Announcement, which included:

- data modelling;
- site visit;
- geological interpretation;
- grade estimation using ordinary kriging;
- review of historical production face samples;
- consideration of likely mining method (modified cut and fill or modified long hole retreat);
- a mining study and scoping study;
- analysis of fresh rock samples for bulk density; and
- a fatal flaw review by CSA Global Pty Ltd.

Calidus notes that further exploration work was undertaken by Novo in 2016. Novo targeted extensions to the Northwest Resource and intersected numerous high grade intersections that are reported in this release. Novo did not drill into the Northwest Resource. As such, Calidus does not believe this drilling materially affects the Northwest estimate but could result in additional upside to the Northwest Resource and will be included in Calidus' re-modelling of the deposit that is due for completion in Q1 2021 and is funded out of existing cash reserves.

For further information on the accuracy and representation of the available data, please see the competent person's statement at the end of this announcement.

## Additional Information

### Historical tailings

Two tailings storage facilities (TSF) were established from historical mining, referred to as the Chase Minproc (Chase) TSF and Anglo American (Anglo) TSFs. Exploration has previously consisted of two sampling programs which were completed in order to establish approximate grades for gold and antimony. As part of its rehabilitation commitment, Calidus will undertake a Scoping Study to investigate the possibility of treating these tailings at Warrawoona.

### Metallurgical Testwork

NWR engaged process engineering firm, Como Engineers Pty Limited, to design the Metallurgical Study testwork programme and the testwork was undertaken by Amdel Laboratories in Perth.

The Metallurgical Study was commissioned to test the technical feasibility to produce a gold-enriched antimony concentrate for direct sale from Blue Spec-Gold Spec ore and to enable processing flowsheet designs to be prepared as the basis for engineering designs and estimating treatment plant capital and operating costs. The metallurgical studies have been reviewed by Calidus and confirmed that the ore will be suitable for treatment through its planned 100,000 tpa sulphide circuit which will operate beside the main 2.0mtpa CIL mill thereby reducing process costs versus a stand-alone operation. Further information on Calidus' processing infrastructure is set out in Calidus' updated pre-feasibility study dated 29 June 2020. Testwork shows gold recoveries of +95% can be expected for both the main Blue Spec and Gold Spec orebodies.

The first phase of the testwork programme investigated five main areas:

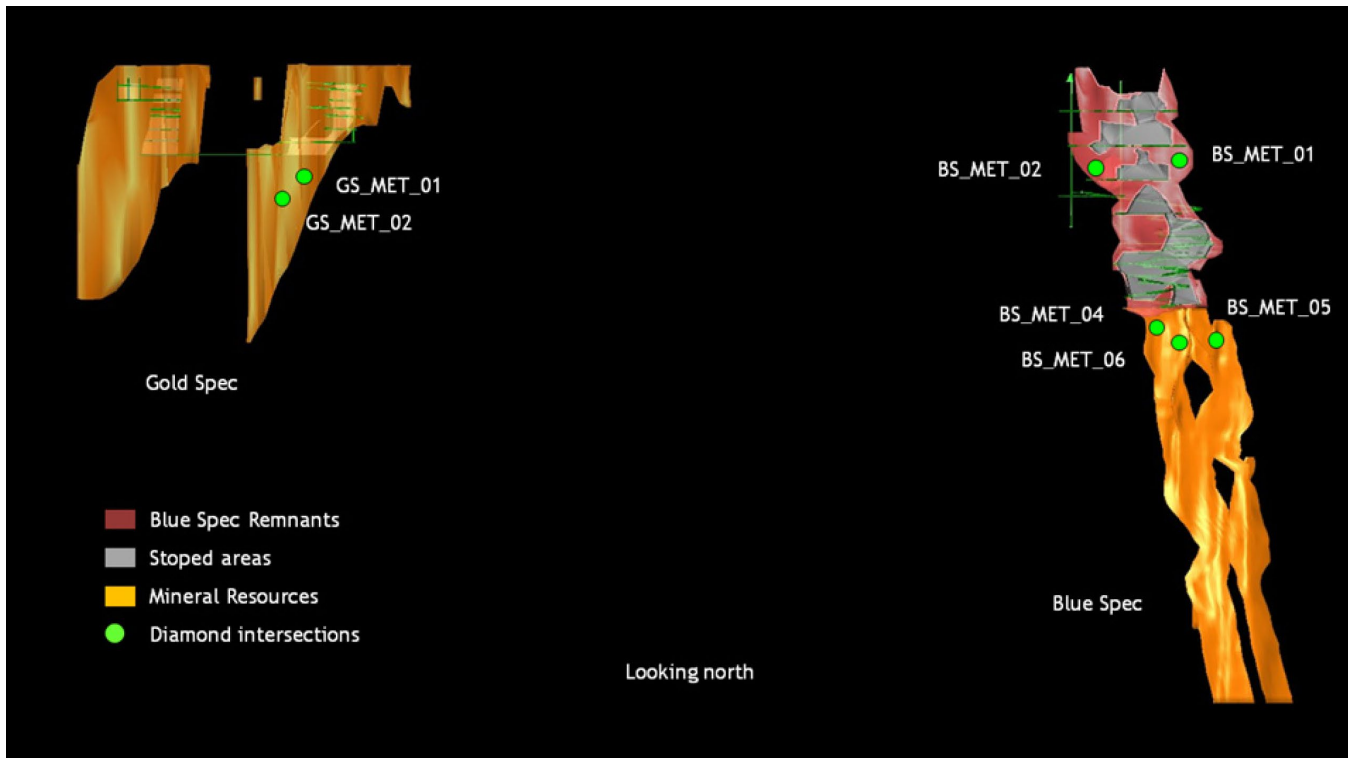
- the recovery levels for gold and antimony into a flotation concentrate;
- the levels of contaminant elements in concentrate which could negatively impact on sale terms;
- the comminution properties of Blue Spec and Golden Spec ore;
- the gravity gold properties of Blue Spec-Golden Spec ore both from the perspective of maximising flotation efficiency and to assess the potential to produce a gold doré from a gravity circuit;
- after the completion of the flotation testwork, test the recovery levels for cyanide leaching of the flotation tails to determine viability of improving overall gold recoveries.

#### *Sample selection and assay results of composite samples*

A total of 681kg of metallurgical ore samples were sourced from Gold Spec, Blue Spec and the Blue Spec remnant zones (from surface to 320m VD) (**Blue Spec Remnants**) to represent the potential variations to metallurgical characteristics of the deposits to be mined.

Six diamond core samples from two parent holes and two wedges from each parent hole were taken from Gold Spec and Blue Spec Remnants totalling 182kg and 281kg respectively. Ten diamond core samples from three parent holes and seven wedges were taken from Blue Spec totalling 217kg. The samples from each domain were combined for flotation tests.

Figure 6: Long section of blue spec and gold spec view showing metallurgical sample diamond parent holes.



The composite samples from each domain were assayed for a number of elements with significant results presented below.

Table 2: Assays of composite samples

	Au Grade (g/t)	Sb Grade (%)	Fe Grade (%)	S Grade (%)
Gold Spec	91.4, 92.9	12.4	1.95	6.24
Blue Spec	15.5, 25.6	1.77	3.50	2.02
Blue Spec Remnants	5.48, 5.57	0.17	3.96	1.84

In accordance with normal practice, gold assays were duplicated to improve the robustness of results where there is a likely presence of nuggetty gold (coarse particles) in the sample, as is suggested in the Blue Spec assays. The gravity gold recovery tests on the Blue Spec composite sample also show the highest gravity component.

The assay results above should not be taken as representative of grades for each domain but of their metallurgical characteristics.

#### Flotation recovery to concentrate

A series of conventional rougher-scavenger-cleaner tests using standard sulphide reagents were undertaken on samples from each of the three Blue Spec-Gold Spec domains to test gold and antimony recovery to an antimony concentrate.

Initial batch rougher-scavenger flotation tests conducted at a grind size of 80% passing 106µm on each domain composite sample returned very high recoveries of gold and antimony into a bulk sulphide concentrate which are reported in Table 3. These are excellent recovery results from first phase testing and clearly demonstrate the effectiveness of using flotation for the recovery of gold and antimony from Blue Spec-Gold Spec ores.

Table 3: Initial batch rougher-scavenger flotation tests results

	Mass Recovery (%)	Au Grade (g/t)	Au Recovery (%)	Sb Grade (%)	Sb Recovery (%)
Gold Spec	35.6	226	95.3	35.2	99.1
Blue Spec	15.4	108	95.7	11.9	98.4
Blue Spec Remnants	13.9	36	89.9	1.0	83.2

Subsequently, two-stage cleaner flotation tests were then conducted on composite samples from each of the domains at a finer grind of 80% minus 75µm to improve the antimony grade of the concentrates, with the results summarised in Table 4.

The two-stage cleaner flotation tests for Blue Spec and Gold Spec samples were able to increase the antimony grade of the concentrate to 45-50% Sb (well above the minimum Sb grade of 30-35% required for a commercially saleable product).

Table 4: Two-stage cleaner flotation tests results

		Mass Recovery (%)	Au Grade (g/t)	Au Recovery (%)	Sb Grade (%)	Sb Recovery (%)	Fe Grade (%)
Gold Spec	Sb Rougher Conc.	27.7	254	82.9	45.1	98.6	2.0
	Fe Conc.	7.9	132	12.4	0.7	0.5	9.1
	<b>Sb Conc. + Fe Conc.</b>			<b>95.3</b>		<b>99.1</b>	<b>3.6</b>
Blue Spec	Sb Conc 1-4	3.5	366	73.9	50.7	96.0	3.28
	Fe Conc.	11.9	32	21.8	0.4	2.4	11.0
	<b>Sb Conc. + Fe Conc.</b>			<b>95.7</b>		<b>98.4</b>	<b>9.2</b>
Blue Spec Remnants	Sb Conc. 1-4	1.8	174	56.5	6.5	23.6	32.9
	Fe Conc.	12.9	15	35.3	0.1	3.6	10.3
	<b>Sb Conc. + Fe Conc.</b>			<b>91.9</b>		<b>27.2</b>	<b>13.0</b>

However, whilst the total recoveries of gold and antimony remain unchanged, the tests indicate that to maximise the antimony grade of the concentrate, approximately 20% of the gold (which is associated with iron (Fe)) is recovered into an iron concentrate.

#### Concentrate contaminant levels

Flotation test concentrates were analysed for common antimony concentrate contaminant (penalty) elements levels with results reported in Table 5. Penalty levels for typical antimony concentrate contaminants are set out in Table 6.

*Table 5: Contaminant levels in composite samples*

	<b>Sb (%)</b>	<b>As (%)</b>	<b>Pb (%)</b>	<b>Bi (ppm)</b>	<b>Se (ppm)</b>
Gold Spec	45.1	0.034	0.166	<1.0	Not assayed
Blue Spec	50.7	0.052	0.24	3.8	Not assayed
Blue Spec Remnants	6.5	0.85	0.14	3.6	Not assayed

*Table 6: Contaminant penalty levels for antimony concentrates*

	<b>As (%)</b>	<b>Pb (%)</b>	<b>Bi (ppm)</b>	<b>Se (ppm)</b>
Penalty element level	0.5 max	0.5 max	30 max	40 max

The arsenic (As) level of the Blue Spec Remnants test concentrate was slightly above indicated penalty levels, however the Company is confident that further testwork will show that this can be reduced to below penalty levels by either dilution or a selective float process.

There have been no assays of Selenium (Se) above detection levels in drilling at Blue Spec or Gold Spec and accordingly Se was not assayed in the composite samples. Calidus will seek confirmation of the absence of Se in a future testwork programme.

#### *Comminution Testing*

Standard Bond Abrasion, Rod Mill and Ball Mill Work Index tests were conducted on each domain composite. The results in Table 7 below show the samples to have low abrasiveness and moderate hardness levels.

*Table 7: Comminution tests*

	<b>Abrasion Index</b>	<b>Rod Mill Work Index (kWhr/t)</b>	<b>Ball Mill Work Index (kWhr/t)</b>
Gold Spec	0.1790	15.7	15.0
Blue Spec	0.1850	16.1	17.4
Blue Spec Remnants	0.1169	15.5	15.4

The comminution tests are very positive, indicating no abnormal power requirements for crushing and grinding of Blue Spec and Gold Spec ore down to 80% passing 125µm. The tests also suggest no unusual wear factors would impact at the planned sulphide circuit at Warrawoona.

#### *Gravity gold separation*

Subsamples (1kg in weight) of each domain composite were subjected to gravity gold concentration using a laboratory Falcon concentrator. The resulting gravity concentrate was then subjected to amalgamation. The results of these tests are reported below.

Table 8: Gravity gold tests

	Mass Distribution to Gravity Concentrate (%)	Gravity Recoverable Au (%) (Au in amalgam)	Au % Distribution in Amalgam Tail	Au % Distribution in Falcon Concentrate
Gold Spec	7.8	7.2	37.6	44.8
Blue Spec	8.5	23.4	46.7	70.0
Blue Spec Remnants	14.0	7.8	36.8	44.6

The testwork indicates that 7% to 23% of the free gold in the composite samples is recoverable through a conventional gravity circuit.

### Existing Infrastructure

Minproc built the existing processing plant in 1986 which comprises a small float and CIP plant. The crushing and grinding sections have a capacity of 100,000tpa which matches the proposed sulphide plant size planned to be installed adjacent to the main 2.0 mtpa CIL plant at Warrawoona. Calidus will investigate the cost of refurbishing this plant as a potential cost saving versus the currently budgeted new plant.

Figure 7: Existing crushing plant



## Environmental

As the mine was previously operating, there are several environmental legacies Calidus will remediate. These include:

- Asbestos contamination for which a quote has been received.
- Historic tails dams. Calidus will investigate the possibility of treating these tailings at Warrawoona as historic sampling suggests they may be economic to treat.
- Old process plant. Calidus will salvage what it can for future operations at Warrawoona and Blue Spec and sell the remainder for scrap.

## BLUE SPEC ACQUISITION KEY TERMS

Beatons Creek Gold Pty Ltd a 100% owned subsidiary of Novo Resources Corporation owns the Blue Spec mine and infrastructure which lies on granted mining leases M46/115 and M46/244.

The Company has executed a binding agreement to acquire the mining leases and infrastructure for a total cash consideration of A\$19.5 million (**Consideration**). A deposit of \$200,000, refundable against final consideration, is payable by Calidus within 2 days of signing the agreement. The deposit is non-refundable should the transaction fail to proceed. Consideration is payable by 30 November 2020.

Conditions precedent to closing the transaction include:

- Consent of the Minister required under the Mining Act for the transfer of the Tenements having been obtained;
- Novo obtaining approval from the TSXV, if required;
- Calidus arranging sufficient finance to pay the Consideration;
- Supplementary agreements being executed to assign Heritage agreements and existing third-party royalties; and
- Signing of road access agreements to facilitate Calidus to transport material to the Warrawoona processing facilities.

The parties are targeting closing the transaction within 60 days of signing the agreement and payment of final consideration by 30 November 2020. Calidus management and consultants have visited the mine and has completed technical and legal due diligence.

## Competent Persons Statement

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

Mr Reeves confirms that the information in this market announcement is an accurate representation of the available data and studies for the Blue Spec Project.



**References**

- 1) *Northwest Resources Limited announcement entitled "Disclosure Document" [Prospectus] dated 25 October 2004*
- 2) *Northwest Resources Limited announcement entitled "Excellent metallurgy testwork results from the Blue Spec" dated 24 July 2012*
- 3) *Northwest Resources Limited announcement entitled "Updated Mineral Resource for Blue Spec and Gold Spec" dated 30 September 2013*
- 4) *Novo Resources Website - [projects/pilbara/blue-spec/](http://projects/pilbara/blue-spec/)*

**Drill Hole Information reported in this release**

Hole_ID	Depth	North	East	RL	Dip	Azimuth	From	To	Width (m)	Au Grade (g/t)	Comments
16BSDH004	642.61	7584690.088	218407.809	348.808	-65.02	170.57	482	486	4	37.9	<i>incl 2.55m @ 59.1 g/t from 482.45m</i>
16BSDH012	276	7584319.664	217146.204	361.029	-65.2	178.98	211	213	2	15.2	
16BSDH016	513.45	7584656.916	218427.582	347.077	-70	160	252 319 343	263 334 346	11 15 3	1.28 1.65 1.17	<i>incl 3m @ 5.01 g/t from 327m</i>
16BSDH033	366	7584315.266	217125.629	362.231	-75	185	334 346 355	335 347 362	1 1 7	1.91 0.53 20.6	<i>incl 4m @ 35.9 g/t from 358m incl 1m @ 138 g/t from 359m</i>
16BSDH034	458	7584292.64	217101.865	361.756	-78	180	376 402	399 407	23 5	7.48 1.34	<i>incl 4m @ 35.0 g/t from 389m</i>
16BSDH038	451	7584283.131	217105.656	361.908	-75	205	381 385	382 419	1 34	0.51 2.52	<i>incl 12m @ 5.21 g/t from 405m</i>
BSD0001	321.1	7584126.7	217116.6	382.7	-71.16	352.69	295 299.6	297 301	2 1.4	6.19 65.3	<i>inc 0.9m @ 100 g/t from 299.6m</i>
BSD0002	363.6	7584143.7	217075.8	375.6	-74.4	0.06	317 340	318 345	1 5	2.09 30.4	<i>incl 0.7m @ 214 g/t from 342.3m</i>
BSD0009	249.3	7584111.5	216889.7	355	-64.6	4.6	227.8	230	2.2	23.6	<i>incl 1m @ 51.0 g/t from 228m</i>
BSD0011	240.5	7584126.5	217123.4	382.7	-55	11.1	190.3	193.1	2.8	77.6	
BSD0012	255.3	7584125.4	217119.3	382.7	-62.9	1.1	223.9	226.2	2.3	75.5	
BSD0013	252.5	7584154	217073.8	375.6	-69	18.1	229	230.55	1.55	18.8	<i>incl 0.7m @ 42.9 g/t from 229.88m</i>
BSD0014	171.4	7584133.5	216907.4	350	-64	10.8	153	155	2	16.1	<i>incl 0.95m @ 32.1 g/t from 153.25m</i>
BSD0018	567.21	7584702.5	218222.2	350.6	-55	145.1	457 468	458 475	1 7	124 24.6	<i>incl 0.5m @ 245 g/t from 457.5m</i>
BSD0018_W1	579.76	7584702.5	218222.2	350.6	-55	140.03	477.55	486	8.45	5.20	

Hole_ID	Depth	North	East	RL	Dip	Azimuth	From	To	Width (m)	Au Grade (g/t)	Comments
							489	492	3	5.75	
BSD0018_W2	600.62	7584702.5	218222.2	350.6	-55	145.1	495.37 554.4	500 557	4.63 2.6	3.04 8.91	<i>incl 1.76m @ 12.6g/t from 555.24m</i>
BSD0027	603.23	7584715.287	218269.16	345.142	-56	141.1	469	471.15	2.15	33.8	<i>incl 1.15m @ 62.7g/t from 470m</i>
BSD0033_W1	750.53	7584718.4	218248.4	345.1	-60	141.1	514 519	515 527	1 8	0.59 3.03	<i>incl 1.5m @ 14.2g/t from 520.2m</i>
BSD0035_W1	732.08	7584740.9	218287.5	345.1	-62	139.8	495 587 608.65 690	499 594 624 694	4 7 15.35 4	2.21 3.03 9.85 0.86	<i>incl 11.5m @ 12.7g/t from 609.2m</i>
BSD0036_W1	747.54	7584725.8	218279.2	345.1	-63	144.6	486.5 563 686.2 713.1	497 567 697.1 717.6	10.5 4 8.9 4.5	1.84 1.66 1.90 87.6	<i>incl 2.5m @ 156g/t from 715.1m</i>
BSD0039	888.74	7584720	218210	345	-71	139.1	587.66 600 721.25 782.4	590 601 723.47 784.2	2.34 1 2.22 1.8	0.62 0.58 3.76 18.8	<i>incl 0.83m @ 22.4g/t from 782.81m</i>
BSS_050	25	7584261.733	217277.5	365.6	-60	181.1	14	16	2	10.2	<i>incl 1m @ 18.4g/t from 14m</i>
BSP0047	160	7584144.7	216869.7	355.1	-69.34	320.26	130	139	9	4.57	
BSP0095	140	7584146.1	216871.5	355	-65	321.1	87	89	2	5.62	<i>incl 1m @ 10.6g/t from 87m</i>
BSP0177	200	7584470.345	218724.583	348.407	-60	346.1	137	175	38	3.42	<i>incl 11m @ 7.53g/t from 149m</i>
BSP0264	160	7584507.6	218694	355	-69.5	347.5	40 48 68 82	41 65 75 83	1 17 7 1	0.68 1.80 1.32 1.42	

Hole_ID	Depth	North	East	RL	Dip	Azimuth	From	To	Width (m)	Au Grade (g/t)	Comments
							92 121	108 139	16 18	1.86 4.21	
BSS_035	25	7584235.758	217080	368.2	-60	181.1	15	24	9	2.90	<i>incl 2m @ 18.4g/t from 16m</i>
BSS_048	25	7584249.852	217225	364.8	-60	181.1	0	5	5	14.0	<i>incl 4m @ 17.1g/t from 1m</i>
BSS_158	125	7584163.954	216995	378.4	-60	1.1	81	94	12	1.96	<i>incl 2m @ 7.29g/t from 83m</i>
BSS_177	130	7584488.088	218150	355			53 68 121	57 69 127	4 1 6	0.64 1.47 3.22	<i>incl 3m @ 5.18g/t from 122m</i>
DDH_101	389.53	7584284.4	218367.21	351.332	-66	2.1	370.94	374.45	3.51	98.3	
DDH_101-D	396.24	7584284.4	218367.21	351.332	-66	2.1	364.85	372.72	7.87	11.1	
DDH_518	146.45	7584537.035	218335.188	124	-60	157.1	117.8	119.05	1.25	255	
GS_15	70	7584262	217135	370	-60	181.1	44 51	48 54	4 3	1.00 4.71	<i>incl 1m @ 10.5g/t from 52m</i>
GS_20	150	7584135	216900	370	-60	1.1	129	132	3	23.9	<i>incl 2m @ 35.2g/t from 129m</i>
GSI_003	251.8	7584287	217105	362	-75.9	172.3	222.4	224.8	2.4	15.1	
GSI_004	200.8	7584280	217105	362.144	-71.4	164.5	151.6	160	8.4	26.6	<i>incl 6.47m @ 34.2g/t from 152.5m</i>
GSI_007	251.9	7584294	217125	364.257	-71.4	159.4	184.36	187.2	2.84	15.0	<i>incl 2.1m @ 20.1g/t from 184.36m</i>
GSI_009	251.8	7584125	216880	355.589	-70.8	355.6	211.76	217.22	4.46	3.88	<i>incl 0.8m @ 17.3g/t from 214.6m</i>
MP0008	30	7584464.379	218227.329	364.7657	-90	0	1	30	29	7.88	<i>incl 7m @ 22.2g/t from 6m</i>

\*Drill intercepts are based on a 0.5g/t cut-off, minimum width 1m, and up to 2m internal dilution:

**JORC Code, 2012 Edition – Table 1 Report**

**Section 1 Sampling Techniques and Data**

<b>Criteria</b>	<b>JORC Code explanation</b>	<b>Commentary</b>
<b>Sampling techniques</b>	<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>	The Blue Spec deposit has been sampled entirely by diamond drill holes (DD) on nominal 30x40m spacing. Gold Spec is a combination of reverse circulation (RC), at shallow vertical depths and diamond holes on deeper sections of the lodes.
	<i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i>	All defined mineralised zones from DD holes are logged in detail by the geologist and marked up for whole core sampling, including 1-2m of wall rock material either side of mineralised zones. Samples are then crushed, split and pulverized to produce a 30g charge for fire assay. RC samples for Gold Spec were logged and sampled in 1m splits for mineralised or zones of interests. The remainder of the hole was sampled on 4m composites.
	<i>Aspects of the determination of mineralisation that are Material to the Public Report.</i>	All aspects of the determination have been discussed above.
<b>Drilling techniques</b>	<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>	Diamond drilling was undertaken with track-mounted UDR200 rigs, standard tube, HQ diameter to 100m (Blue Spec), 60m (Gold Spec), NQ2 to EOH. All NQ2 core was oriented every run using Ace ACT tool. RC drilling at Gold Spec was undertaken with a truck-mounted Romatech RT50 rig running standard gear with a down-hole face sampling bit.  Exploration drilling completed in 2016 by Novo Resources Corp (Novo) utilised a truck mounted RC drill and a diamond core drill. A third, track mounted RC drill was also used to test targets elsewhere along the Blue Spec shear zone.
<b>Drill sample recovery</b>	<i>Method of recording and assessing core and chip sample recoveries and results assessed.</i>	Core recovery and core loss measures were recorded by the field assistant and verified by the geologist. Core recovery percentage is calculated in the drilling database. Core recovery is good to excellent below weathering horizon with no major core loss through ore zones.
	<i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i>	No additional measures were required to maximize recovery.
	<i>Whether a relationship exists between sample recovery and grade and whether sample bias may</i>	No relationship has been observed between recovery and grade.

<b>Criteria</b>	<b>JORC Code explanation</b>	<b>Commentary</b>
	<i>have occurred due to preferential loss/gain of fine/coarse material.</i>	
<b>Logging</b>	<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>	Geological information (colour, weathering, regolith, lithology, texture, alteration, veining, mineralogy, structure, vein and fracture intensity) is logged by the geologist. Core recovery and RQD are logged by the field assistant, geotechnical information (fracture intensity, roughness, alteration) is logged by the geologist. Geotechnical information is measured for each drilling run (0.1-3.1m intervals), and every meter from 40m outside ore zones to end of hole. All core is photographed dry and wet.
	<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.</i>	Both qualitative and quantitative observations were made during logging. This included core photography on both wet and dry core.
	<i>The total length and percentage of the relevant intersections logged.</i>	100% of all drilling has been logged.
<b>Sub-sampling techniques and sample preparation</b>	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	Core is whole-core sampled, 0.3-1.2m length. All defined mineralised zones, and 1-2m of wall rock outside ore zones are sampled. Whole core samples are considered to provide a more representative sample of the ore zones.
	<i>If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.</i>	RC samples from Gold Spec were sampled using a combination of riffle and cone splitter and sampled dry.
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	Core samples undergo sized crushing to <2mm by ALS Metallurgy, Perth - 100g split for pulverising to >80% passing 75um, remainder of crushed sample retained for metallurgical test work. Pulverised sample split to 30g charge for assay by ALS Geochemistry, Perth. All pulps and rejects retained at ALS Metallurgy and ALS Geochemistry.  For the 2016 Novo drilling, core was photographed, sawn and sampled by Novo staff. Core and RC samples were submitted to Genalysis Laboratory in Perth, Australia for sample preparation and analysis.
	<i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i>	No QAQC was done at the subsampling stage.
	<i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field</i>	No additional measures are adopted at the sub-sampling stages.

Criteria	JORC Code explanation	Commentary
	<i>duplicate/second-half sampling.</i>	
	<i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	While the sample size is considered reasonable, full pulverization before sub-sampling has been recommended to improve sample precision.
<b>Quality of assay data and laboratory tests</b>	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i>	Au assays determined by fire assay/AAS finish based on 30g sample; As, Sb, Fe, S assays determined by aqua regia/ICP-MS finish at ALS Geochemistry, Perth. All Sb assays >1% re-assayed by XRF at ALS Geochemistry, Brisbane.  Novo 2016 Assaying was completed by Genalysis Laboratory in Perth, Australia. All samples were analyzed utilizing a 50g pulp subjected to fire assay with an atomic absorption finish. Overlimit samples (>10 gpt Au) were re-analyzed by fire assay with a gravimetric finish. Sb was analyzed by ICP-MS following three acid digestion.
	<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
	<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>	Certified reference materials (CRM) are inserted 2-3 times per hole ranging from 1 in 10 to 1 in 30 samples. CRMs include pulp blanks, low grade Au and high grade Au.  Laboratory procedures and QAQC are considered appropriate for mineral resource estimation.
<b>Verification of sampling and assaying</b>	<i>The verification of significant intersections by either independent or alternative company personnel.</i>	All significant intersections are reviewed by the senior geologist. Mineralised intersections were also reviewed during interpretation and cross referenced with core photographs.
	<i>The use of twinned holes.</i>	No twinned holes are used.
	<i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i>	All data captured on paper logs and entered into Datashed/SQL database with built-in validation.
	<i>Discuss any adjustment to assay data.</i>	No adjustments have been made to assay data.

<b>Criteria</b>	<b>JORC Code explanation</b>	<b>Commentary</b>
<b>Location of data points</b>	<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>	Drill hole collars are surveyed by Northwest Resources using DGPS (50cm accuracy E,N), and re-surveyed upon completion by COBE Surveying utilizing RTK (sub-cm accuracy E,N,RL). Downhole surveys are carried out by drilling contractors every 30m Reflex multi-shot camera.  All Novo collars are surveyed by DGPS.
	<i>Specification of the grid system used.</i>	All coordinates based on MGA 1994 Zone 51 grid.
	<i>Quality and adequacy of topographic control.</i>	Topographic control provided by UAV photogrammetry, 0.06cm resolution DTM mesh for Blue Spec - Gold Spec area
<b>Data spacing and distribution</b>	<i>Data spacing for reporting of Exploration Results.</i>	Data spacing is around 30m to 50m for resource definition drilling and is considered appropriate for Mineral Resource estimation and classification.
	<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>	Historical development areas with mapping, proximal to current drilling, were considered for the purposes of classification. Based on that information 30m x 30m drill spacing, was considered appropriate for Indicated classification. Inferred classification was based on greater than 30m spacing with good structural continuity. The drill spacing is well considered given the locally structurally complex nature of the lodes.
	<i>Whether sample compositing has been applied.</i>	No sample compositing has been applied during data collection.
<b>Orientation of data in relation to geological structure</b>	<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>	Drill holes are orientated North-South (Gold Spec) and South-southeast (Blue Spec) to intersect strike perpendicularly. Drill holes are inclined at 50° to 80° due to drill pad access – some intersections are drilled slightly down dip, but not considered to have a material effect on the geological interpretation and estimation of grade.
	<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>	No relationship has been observed between drill orientation and the orientation of mineralised structures.
<b>Sample security</b>	<i>The measures taken to ensure sample security.</i>	Samples are delivered to ALS laboratories by Toll Ipec (ex Newman) or Nor- West Freight (ex Nullagine). No additional security measures were undertaken.
<b>Audits or reviews</b>	<i>The results of any audits or reviews of sampling techniques and data.</i>	Data collection, sampling and QAQC protocols are periodically assessed by external consultants, or during resource estimates. Most recent audit completed by CSA Global Pty Ltd in 2010, with recommendations incorporated into ongoing programs.



## Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary																			
<b>Mineral tenement and land tenure status</b>	<i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i>	Both the Blue Spec and Gold Spec deposits are located on Mining Lease M46/115 which is held by Beatons Creek Gold Pty Ltd.  M46/115 is a pre-native title granted mining lease and is not subject to the right to negotiate provisions of the Native Title Act.  M46/115 is subject to royalties held by St. Barbara Limited and RSI (WA Gold) Pty Ltd																			
	<i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i>	M46/115 is a granted mining lease which permits mining operations in accordance with its conditions.																			
<b>Exploration done by other parties</b>	<i>Acknowledgment and appraisal of exploration by other parties.</i>	All exploration activities undertaken by Northwest Resources Limited and Novo Resources Corp.																			
<b>Geology</b>	<i>Deposit type, geological setting and style of mineralisation.</i>	Blue Spec and Gold Spec are high-grade, shear hosted quartz-carbonate veins, which are interpreted as epizonal orogenic gold-antimony deposits. The deposits are located on the sub-vertical Blue Spec Shear Zone within the meta-sedimentary Mosquito Creek Formation.																			
<b>Drill hole Information</b>	<i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i>  <i>easting and northing of the drill hole collar</i>  <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i>  <i>dip and azimuth of the hole</i>  <i>down hole length and interception depth</i>  <i>hole length.</i>	Total number of drill holes used for the purpose of the mineral resource update.																			
		<table border="1"> <thead> <tr> <th>Project</th> <th>Hole Type</th> <th>Totals</th> </tr> </thead> <tbody> <tr> <td>Blue Spec</td> <td>NQ/NQ2</td> <td>43</td> </tr> <tr> <td></td> <td>HQ</td> <td>2</td> </tr> <tr> <td><b>Total</b></td> <td></td> <td><b>45</b></td> </tr> <tr> <td>Gold Spec</td> <td>NQ/NQ2</td> <td>28</td> </tr> <tr> <td></td> <td>RC</td> <td>33</td> </tr> <tr> <td><b>Total</b></td> <td></td> <td><b>61</b></td> </tr> </tbody> </table>	Project	Hole Type	Totals	Blue Spec	NQ/NQ2	43		HQ	2	<b>Total</b>		<b>45</b>	Gold Spec	NQ/NQ2	28		RC	33	<b>Total</b>
Project	Hole Type	Totals																			
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Gold Spec	NQ/NQ2	28																			
	RC	33																			
<b>Total</b>		<b>61</b>																			
		The details of drill holes material to the exploration results reported in the																			

Criteria	JORC Code explanation	Commentary
		announcement are included in this announcement, refer Table One.
<b>Data aggregation methods</b>	<i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.</i>	All reported assays have been length weighted. No top-cuts have been applied in the compilation of length weighted grades for reporting of exploration results.
	<i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i>	No aggregate intercepts are used in this announcement.
	<i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i>	No metal equivalents have been used in this announcement.
<b>Relationship between mineralisation widths and intercept lengths</b>	<i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i>	True widths of mineralisation are typically 0.4m - 2m. Drill holes angled at >60 degrees result in wider downhole intercept lengths. These longer intercept lengths are however are limited to the lowest portion of the Blue Spec deposit (approximately 750 vertical meters from surface), which has been classified as inferred.
<b>Diagrams</b>	<i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i>	Diagrams are included within this announcement.
<b>Balanced reporting</b>	<i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i>	Reported drill results have been calculated using a 0.5/t Au lower cut-off grade with a minimum intercept width of 2m. A total of up to 2 metres of internal waste can be included in the reported intersection.
<b>Other substantive exploration data</b>	<i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i>	Metallurgical test work by Northwest Resources has demonstrated that expected results are 95% gold and 96% antimony recovered into concentrate. Recovery of metal from the concentrate is not considered, as the concentrate will be marketed for direct sale. The general terms of payment have been confirmed both by preliminary discussions with potential off-take partners and by the terms being achieved by the producer of a similar concentrate from Australia. Terms are dependent on the spot price, contained metal and metal

Criteria	JORC Code explanation	Commentary
		grades only. The terms of sale assumptions have shown that the concentrate produced is saleable and economic.
<b>Further work</b>	<i>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</i>	Extensional drill testing of the existing Blue Spec and Gold Spec resources, with update of the mineral resource estimates based on results returned.
	<i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i>	Diagrams are included in the body of the announcement.