

ASX ANNOUNCEMENT

29 May 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

Mr Peter Hepburn Brown
NON-EXECUTIVE DIRECTOR

Mr James Carter
CFO AND COMPANY SECRETARY

calidus.com.au

ASX : CAI

☎ +61 8 6245 2050

✉ info@calidus.com.au

📍 Suite 12, 11 Ventnor Ave
West Perth WA 6005
AUSTRALIA

30,000m Resource Drilling Campaign Underway at Warrawoona

Targeting resource growth and new discoveries

Calidus Resources Limited (ASX:CAI) ('Calidus' or the 'Company') is pleased to announce that it has commenced the 2018 resource definition programme at its Warrawoona Gold Project, located 25kms south of Marble Bar in the East Pilbara of WA.

The programme will consist of both Reverse Circulation (RC) and Diamond Drilling (DD). The purpose of the drilling programme is to not only significantly expand the existing gold resource base of 712 koz but also verify new targets that are adjacent to the existing resource.

HIGHLIGHTS

- An initial 30,000m RC resource drilling programme has commenced onsite at Klondyke with the objective of growing the Mineral Inventory to in excess of 1 million ounces at Warrawoona by the end of 2018;
- Drilling is focussing on areas ranked in accordance with proximity to the existing Klondyke Mineral Resource including shallow strike extensions and potential for high grade shoot geometries;
- Reconnaissance drilling to be undertaken along 4km of the St George's Shear that lies 150m to the north of, and is geologically similar to, the Klondyke Shear;
- Calidus is currently awaiting assay results from recent drilling completed at Klondyke Queen and Coronation;
- Regional soil geochemistry sampling programme fieldwork now completed, results anticipated in 4 weeks;
- Tenements E45/4856 and E45/4857 have now been granted. These tenements contain 18 km of Mt Roe Basalt outcrop and are known to contain large conglomerate sequences

Calidus Managing Director Dave Reeves commented, "The main focus of our 2018 drilling programme is to grow the Resource Inventory to in excess of one million ounces by the end of 2018. This would allow the company to push the green light on commencement of a formal pre-feasibility study. Given the outstanding success of our maiden drilling in 2017, we are confident that this is an objective that is readily achievable.

The resource drilling will concentrate on the shallow, outcropping strike extensions to Klondyke for a distance of 1.2km east and 800m west of the existing resource, nearly doubling the drilled strike of Klondyke to 4.5km.

In addition to the growth of along strike ounces at Klondyke, we will shortly undertake an initial reconnaissance drill programme on the St George's Shear that lies 150m to the north of Klondyke, is parallel to Klondyke and shares very similar geology to Klondyke. We have planned to test this area over a length of 4km."

2018 Drilling Programme

Phase One of the larger 30,000m Resource Definition 2018 drilling programme has commenced onsite at the Warrawoona Gold Project. The current programme has multiple objectives:

- to grow the current Mineral Resource inventory at Klondyke and satellite deposits to a minimum of 1 million ounces by end 2018;
- to investigate the geology beneath the high-grade historic Klondyke Queen workings located at the Western edge of the current Klondyke Resource;
- to collect geotechnical data for a pre-feasibility study;
- to provide sample material for further metallurgical testwork;
- to complete an initial wide-spaced exploratory line of drillholes along the highly prospective St George's Shear;
- determination of the eastern extent of the east-plunging Copenhagen 36koz Mineral Resource;
- the investigation of any drill-ready targets defined by the recently completed systematic tenement wide soil geochemistry programme.

The RC and diamond drilling programmes are being conducted by Orlando Drilling Services based in Perth, WA. The planned drilling is predominantly resource development in focus, aiming to grow the current Klondyke resource to over 1 million ounces with Phase One at Klondyke initially comprising approximately 8,300m of RC drilling prior to in-fill drilling. (Figure 1).

This initial Phase One programme is planned to drill test along-strike to the West and East of the current Klondyke resource area. The major St George's Shear structural corridor, which lies parallel to and approximately 150m to the North of the Klondyke Main Shear, will be drill tested by the Company for the first time this year over the adjacent 4km of strike. The St George's Shear has the potential to complement the existing defined resource.

A second rig will be mobilised in Q3 to commence not only in-fill drilling behind this Phase One programme but also allow for testing down dip and along strike of the high grade (6g/t) Copenhagen Resource and to test priority targets defined by the recently completed soil geochemistry programme.

Drillholes are being geologically logged and samples despatched to Nagrom Laboratories for gold analysis in Perth.

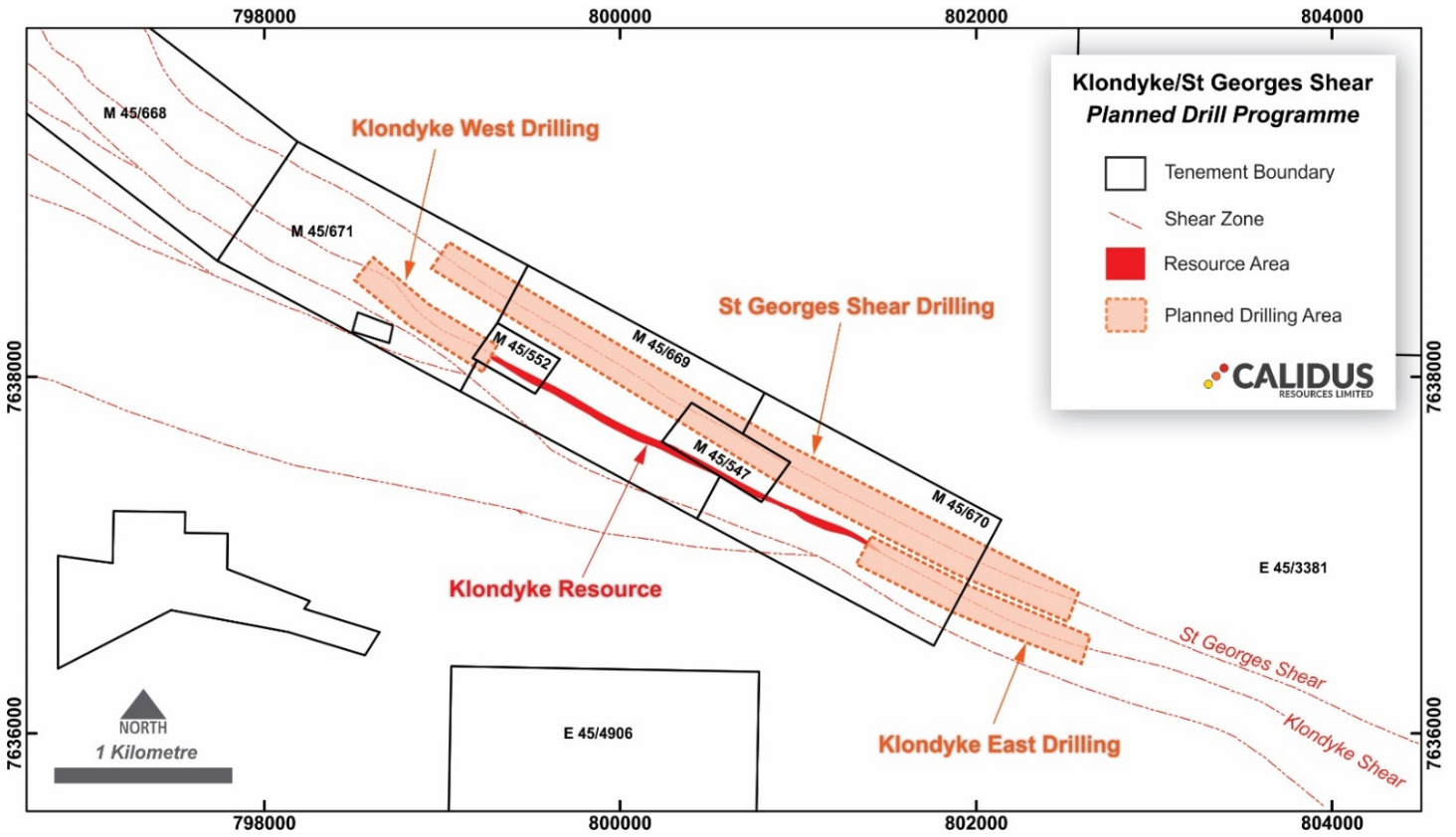


Figure 1: Resource Drilling areas at Klondyke Shear and reconnaissance drilling at St George’s Shear.

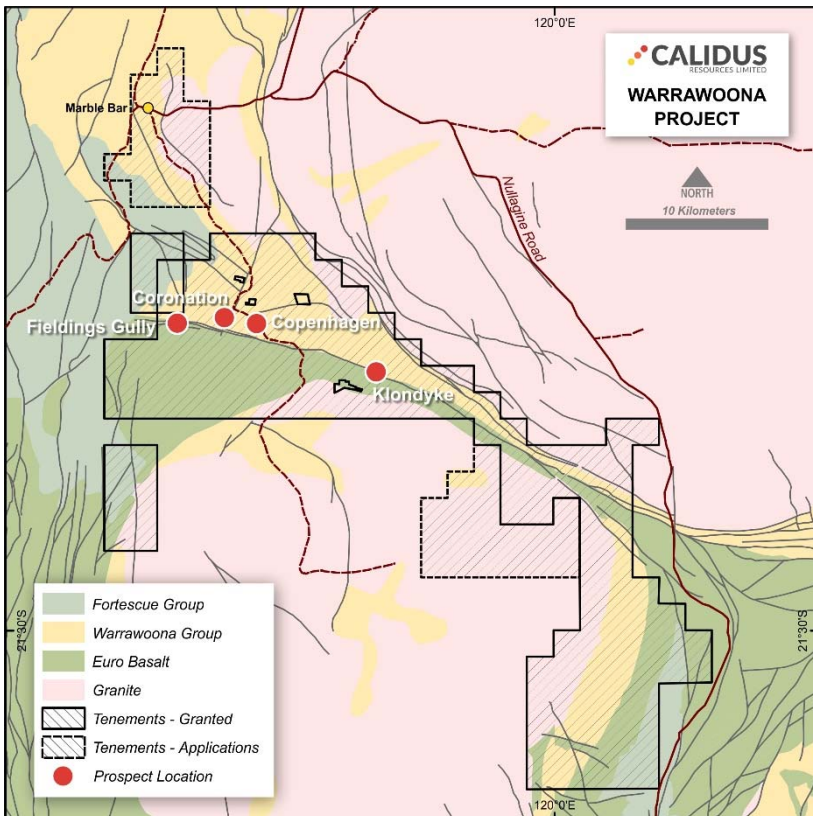


Figure 2: Location of prospects at the Warrawoona Gold Project

Copenhagen

The Copenhagen deposit lies approximately 8km to the West of Klondyke and contains a Mineral Resource of 36koz at a grade of 6.12g/t Au. During 2017 Calidus drilled two HQ core holes to validate shallow high-grade intercepts and returned 17CPDD001 6m @ 7.74g/t Au from 70m and 17CPDD002 4m @ 7.46g/t Au from 56m. An additional three core holes were planned to fill in a gap in the resource model and provide metallurgical test material, these are currently underway and due for completion this quarter (Figure 3).

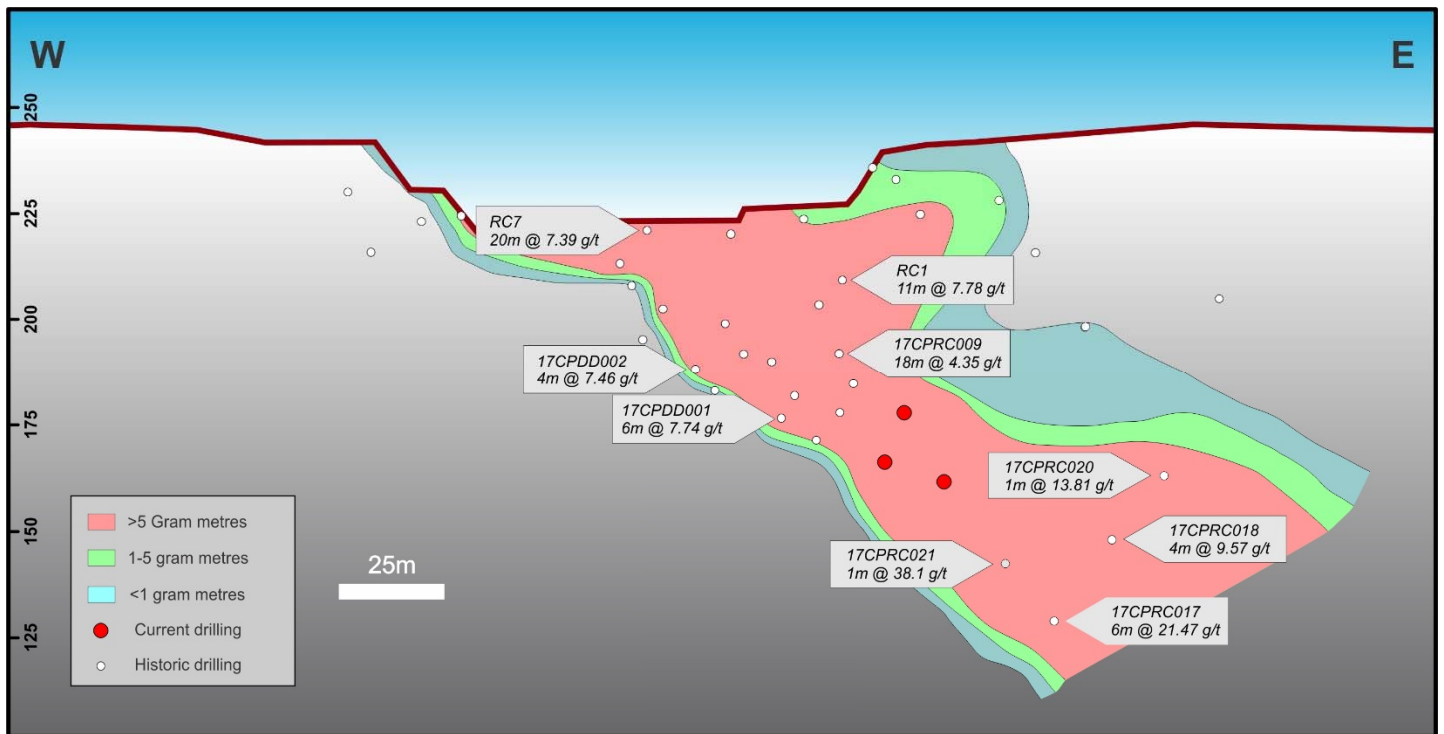


Figure 3: Long-section illustrating historical and planned drilling at Copenhagen

Klondyke Diamond Drilling

The Klondyke deposit is hosted by a major structural feature of regional significance, the Warrawoona Shear Zone, ~25km to the south of Marble Bar in the Pilbara region of Western Australia. The Warrawoona Shear Zone has to date been drill tested by relatively shallow holes to gauge its suitability for open pit mining.

Calidus has recently drilled three deeper EIS co-funded core holes directly underneath the historic high-grade Klondyke Queen workings which are located at the Western edge of the current Klondyke Resource Model. This drilling was targeting the conceptual down-dip position of ore-shoots defined by a near vertical stretching lineation observed at the Klondyke Queen adit and was co-funded by the EIS scheme.

Drilling at Klondyke Queen was completed last week with three holes totalling 1,729.1m and geological logging, sampling and assaying currently underway. Early visual indications have revealed visible gold, however, the drillholes have intersected the presence of a large felsic intrusive body which appears to have spatially offset mineralisation. Felsic

igneous rocks have not been identified at surface in the greenstone belt on the Warrawoona project, other than a thin felsic unit on the north side of the ridge at Coronation. In the drillcore felsic rocks are present adjacent to the main lodes and appear to be partly mineralized. It is possible that the felsic igneous rocks may have a mechanical role to play in the location of the mineralization. Drilling initially intersected the expected dominantly mafic stratigraphy which included a highly sheared moderate chrome-rich basalt unit, however then drilled into a significant metagranodiorite unit. Structural modelling of the drillcore is being undertaken to further spatially refine the actual position of the targeted ore-shoot. Results are scheduled to be announced at the end of next month.

HQ core drilling has also been completed at Klondyke to provide further samples for comminution testwork; this is part of Calidus's efforts to fast-track future pre-feasibility study work, made possible by Calidus's strong cash position.

Soil Sampling Programme

Previous work by Calidus Resources has identified approximately 50 additional targets over the Company's ~550km² tenement package. Due to the lack of systematic soil geochemistry coverage on major corridors to the north, south and west of the main Klondyke-Coronation-Fieldings Gully trend, a soil geochemistry contractor was engaged earlier this year to rapidly conduct regional sampling. The grid pattern used was 400m x 50m with 200m x 50m infill coverage where appropriate. The fieldwork component of this programme has just been completed and multi-element geochemistry results on the 3,300 samples taken are pending.

Granting of E45/4856 and E45/4587

Tenements E45/4856 and E45/4857 have now been granted. These tenements contain approximately 18 km of Mt Roe Basalt outcrop that is the target sequence for Pilbara conglomerate gold. Initial mapping by Calidus geologists as reported in the announcement (ASX release: 23rd November 2017, Multiple New Gold Targets Identified) has identified significant exposures of conglomerates in these areas. These targets will join the 45 existing targets (ASX release: 8 March 2018, Significant Regional Gold Potential Highlighted at Warrawoona) and provide further blue-sky potential for Calidus.

- END -

Notes Specific-ASX Announcements

The following announcements were lodged with the ASX and further details (including supporting JORC Reporting Tables) for each of the sections noted 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.

- 74% Increase in High Grade Warrawoona Resource to 712,000ozs: 18 December 2017
- High grades intersected at satellite deposits at Warrawoona: 14 November 2017

The information in this announcement that relates to exploration targets and exploration results is based on information compiled by Jane Allen a competent person who is a member of the AusIMM. Jane Allen is employed by Calidus Resources Limited. 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 JORC Code. 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.

Disclaimer:

Forward-looking statements are statements that are not historical facts. Words such as “expect(s)”, “feel(s)”, “believe(s)”, “will”, “may”, “anticipate(s)”, “potential(s)” and similar expressions are intended to identify forward-looking statements. These statements include, but are not limited to statements regarding future production, resources or reserves and exploration results. All of such statements are subject to certain risks and uncertainties, many of which are difficult to predict and generally beyond the control of the Company, that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include, but are not limited to: (i) those relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits and conclusions of economic evaluations, (ii) risks relating to possible variations in reserves, grade, planned mining dilution and ore loss, or recovery rates and changes in project parameters as plans continue to be refined, (iii) the potential for delays in exploration or development activities or the completion of feasibility studies, (iv) risks related to commodity price and foreign exchange rate fluctuations, (v) risks related to failure to obtain adequate financing on a timely basis and on acceptable terms or delays in obtaining governmental approvals or in the completion of development or construction activities, and (vi) other risks and uncertainties related to the Company’s prospects, properties and business strategy. Our audience is cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof, and we do not undertake any obligation to revise and disseminate forward-looking statements to reflect events or circumstances after the date hereof, or to reflect the occurrence of or non-occurrence of any events.

For further information please contact:**Dave Reeves**

Managing Director

✉ dave@calidus.com.au**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 ounces at 2.11g/t Au (Indicated Mineral Resource of 8.4 Mt @ 2.01 g/t Au for 541,000 ounces , Inferred Mineral Resource of 2.1Mt @ 2.51g/t Au for 171,000 ounces) defined over 2.6km of strike which remains open in all directions. The Company controls approximately 363 square kilometres of prospective tenements that host over 200 historic workings and two satellite Mineral Resources at Fieldings 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.