

Caldron Gains Approval to Test High Quality Exploration Targets at Blackwood

Highlights

- **Caldron's plan to drill-test high quality targets at Homeward Bound, Eldorado and Rogers Big Hill has been approved by Victorian regulators;**
- **The approval is subject to review of the Company's community engagement program which was initiated late last year;**
- **Drilling has been designed to target near surface bonanza grade gold mineralisation identified historically; and**
- **Caldron is presently seeking suitable drilling contractors to complete the programmed work.**

Caldron Energy Limited (**Caldron** or the **Company**) (ASX: CXU) is pleased to advise that its carefully designed drilling proposal has been conditionally approved by Victorian regulators. Earth Resources Regulation (ERR) and the Department of Environment, Land, Water and Planning (DELWP) has approved the low impact surface drilling proposal, subject to a review of our communication plan and our commitment to further engagement with local community which the Company initiated late last year.

Caldron's drilling plan aims to test the highly prospective area around Rogers Big Hill, Eldorado and Homeward Bound. This area was highlighted following a review of the historic exploration data and mining records with its incorporation into a new exploration model (refer to ASX announcement dated 23 September 2020).

In addition, Caldron has plans to drill test further high priority targets to the north, near Barry's Reef (refer ASX announcement dated 31 August 2020). Because this work is not defined as low impact exploration the regulatory approval process is lengthy and remains to be finalised. This work proposal involves drilling from underground using platforms established in the Tyreconnel Adit. Caldron continues to engage with various departments to obtain approval to drill test the lodes comprising Barry's Reef.

Caldron has engaged with drilling contractors suitable to complete the exploration programs. It is noted that drilling activity is currently in very high demand and drilling contractors are in short supply. Caldron preferably seeks to complete both drilling programs (at Barry's Reef and in the Rogers Big Hill area) concurrently, if the approval for the underground work at Barry's Reef is received soon, but will not delay drill-testing of Rogers Big Hill, Eldorado and Homeward Bound.

Caldron CEO, Jess Oram, comments; *"We are pleased to have achieved the first regulatory step and to be moving forward with drill testing this high-grade gold project. Caldron has completed many hours of careful investigative work to develop high quality targets and is eager to get started."*

ABN

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ASX Code

CXU

Securities on Issue

451,999,512 shares
6,833,395 Options (exercise price: \$0.03; expiry 31 Dec 2021)
16,666,666 Options (exercise price: \$0.03; expiry 31 Mar 2022)
10,000,000 Unlisted Options (exercise: \$0.03; expiry 16-Sep-22)
6,000,000 Unlisted Options (exercise: \$0.05; expiry 16-Sep-23)
9,000,000 Performance Rights (expiring 10 August 2025)

Board of Directors

Simon Youds
Non-Executive Chairman

Jess Oram
Executive Director & Chief Executive Officer

Qiu Derong
Non-executive Director

Judy Li
Non-executive Director

Chenchong Zhou
Non-executive Director

Michael Fry
Company Secretary

The largely forgotten Blackwood Goldfield has been inactive since the late 1980's, but contains in excess of 250 underground workings, predominantly mined during the Victorian goldrush of the 1850's. Many of the mines were significant operations venturing up to 100 m below surface; the most significant operation, the Sultan Mine, worked to an estimated depth of 230 m before water ingress halted mining (refer to ASX announcement dated 23 September 2020).

The results of a comprehensive project wide data collation, compilation and re-interpretation process has outlined a long trend of gold lodes having very high exploration potential. This work helped elevate the exploration priority of the Central Area around Rogers Big Hill with planned for targeted testing. This prospect provides Cauldron the opportunity to help achieve its twin goals of expanding the Mineral Resource and finding the fastest method to commence underground mine production to generate cashflow.

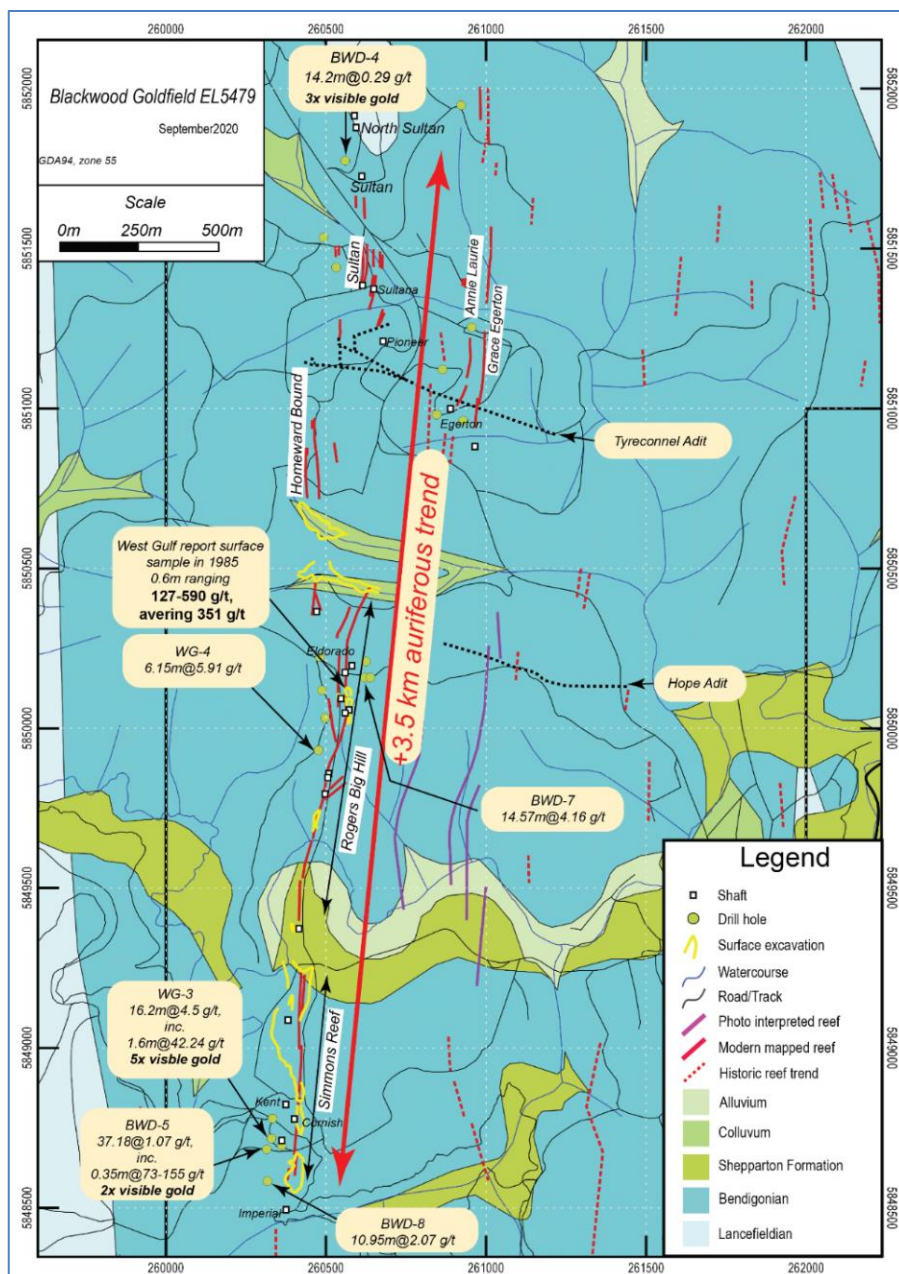


Figure 1; Mine scale geology and prospect map, significant drilling intercepts with historic mining activity

For the purposes of planning and description, this long lode system can be broadly subdivided into two areas:

1. the Central Area, centred on Rogers Big Hill, incorporating Rogers, Eldorado and Homeward Bound (refer to ASX announcement on 23 September 2020) which has received approval sufficient to allow the Company to plan and finalise the logistics of the drilling program;
2. the Northern Area, centred on Barry's Reef, incorporating the Grace Egerton, Annie Lawrie, Sultan to North Sultan gold bearing lodes (refer to ASX announcement on 31 August 2020) and has a planning proposal that is yet to be approved by regulators.

Summary – Central Area Incorporating Rogers Big Hill

The exploration model built from the data compilation shows the Central area of the tenement as having a geological system like that of the Sultan to the north (refer to ASX announcement dated 31 August 2020 and Figure 1). Promisingly, there is a parallel stack of reefs which dip west, plunge south. The reefs are open north and south along-strike and open down-plunge towards depth, refer to the long-section of Figure 2. This Central area is referred to as Rogers Big Hill and comprises three historical mining zones namely; Rogers Big Hill, Eldorado and Homeward Bound, refer to Figure 3.

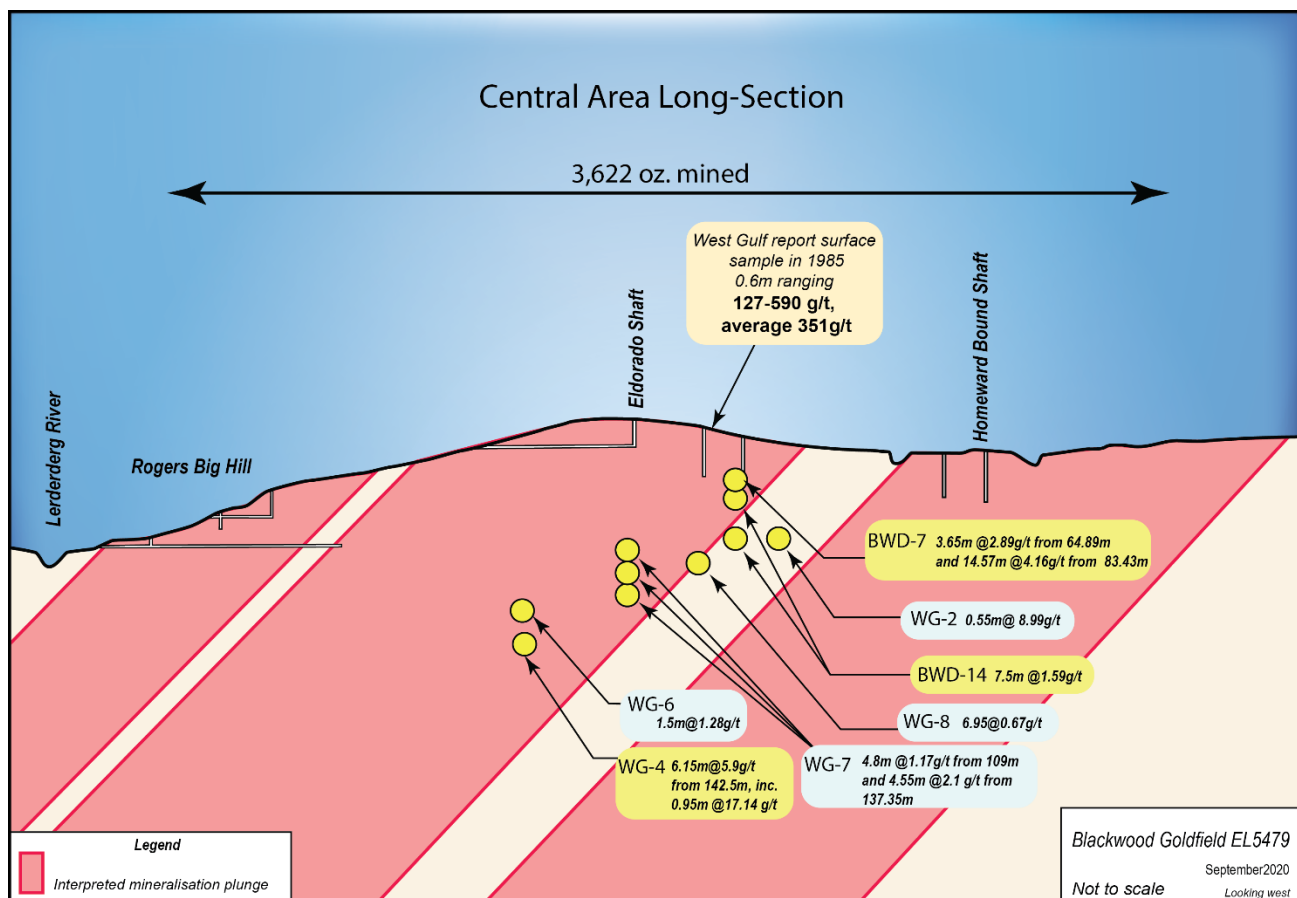


Figure 2; Long-section through Central prospect area looking west, yellow point shows drilling pierce point with grade

Rogers Big Hill is a high-quality advanced exploration prospect evidenced by its high grade and potential for extension. The potential exists to increase Mineral Resource because the area shows a geological pattern like the Sultan (refer to ASX announcement dated 31 August 2020) where multiple parallel lodes trend in a corridor toward the north and south, reminiscent of those found elsewhere in the Victorian goldfields.

There is a parallel clustering of lodes as shown by the plan of Figure 2 where the Homeward Bound line of lodes is open to the south into the Rogers Big Hill area. Given the evidence, the linear trend of these lodes can be interpreted to continue within 100 metres west of the Rogers Big Hill lodes.

Following regulatory approval for drilling, Cauldron can now plan and finalise the drilling logistics to test these high potential exploration targets.

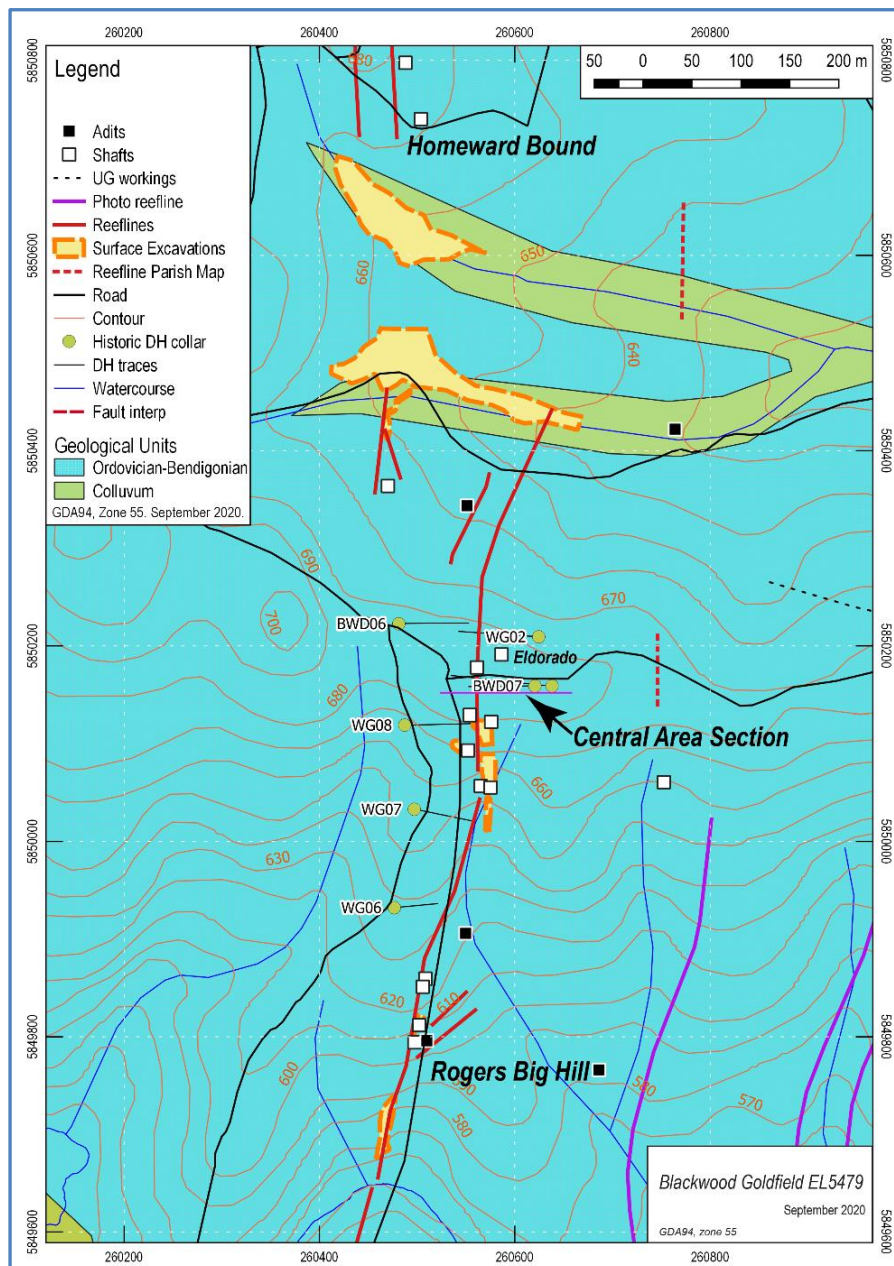


Figure 3; Plan view of Central prospect areas; line-of-lode shown in red, historic drilling shown by collar and trace

Summary – Northern Area Incorporating Barry’s Reef

The long-section of Figure 4 shows the exploration model for the southern, central and northern areas of the long line-of-lode in the west of the Blackwoods Goldfield. The northern area, generally referred to as Barry’s Reef contains many lodes all of which remain open down-plunge.

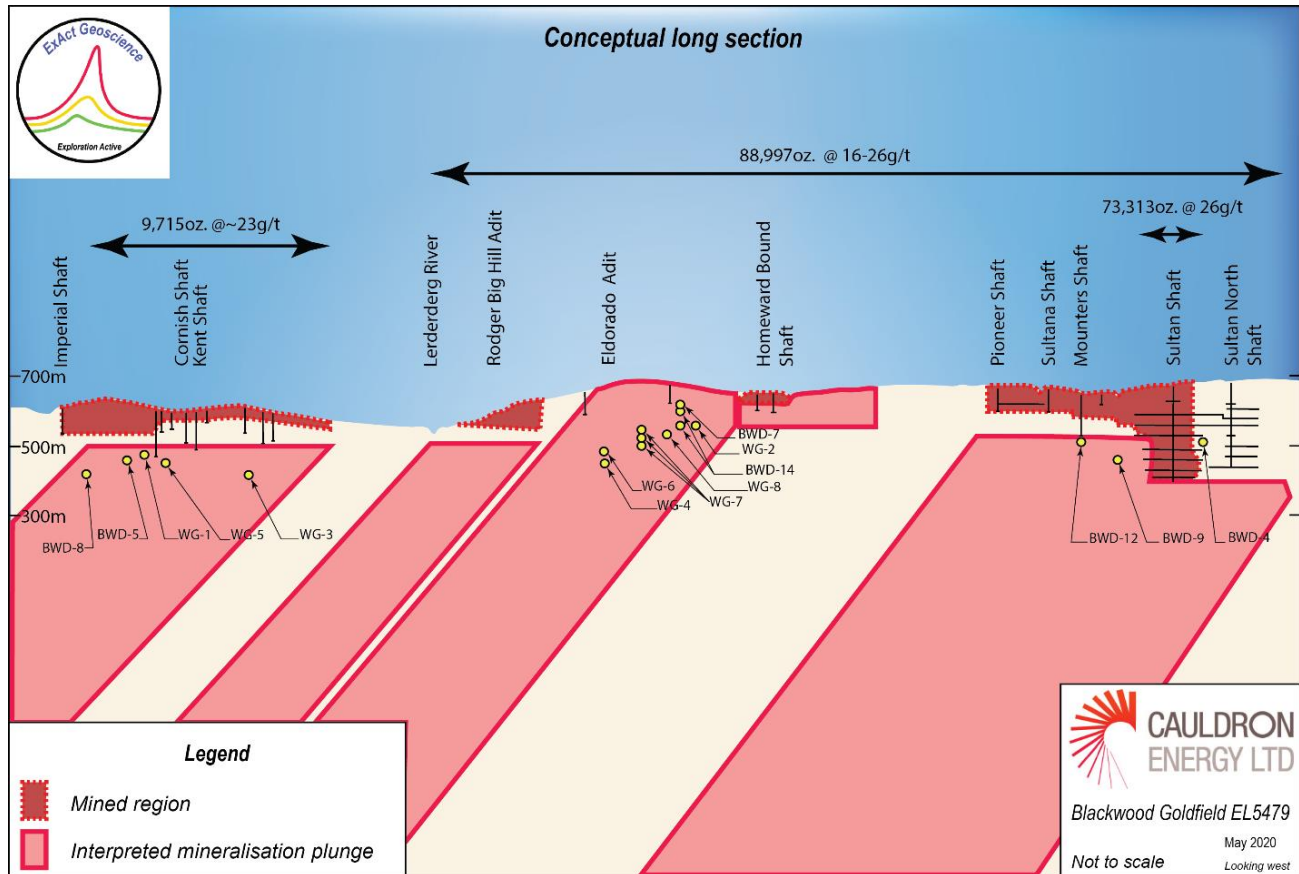


Figure 4: Conceptual long-section for Simmons – Rogers Big Hill – Sultan line of lode

Cauldron has a drilling proposal under consideration by the regulators that aims to test the down plunge extension of mineralisation from platforms established in the Tyreconnel Adit (refer to Figure 5 overleaf).

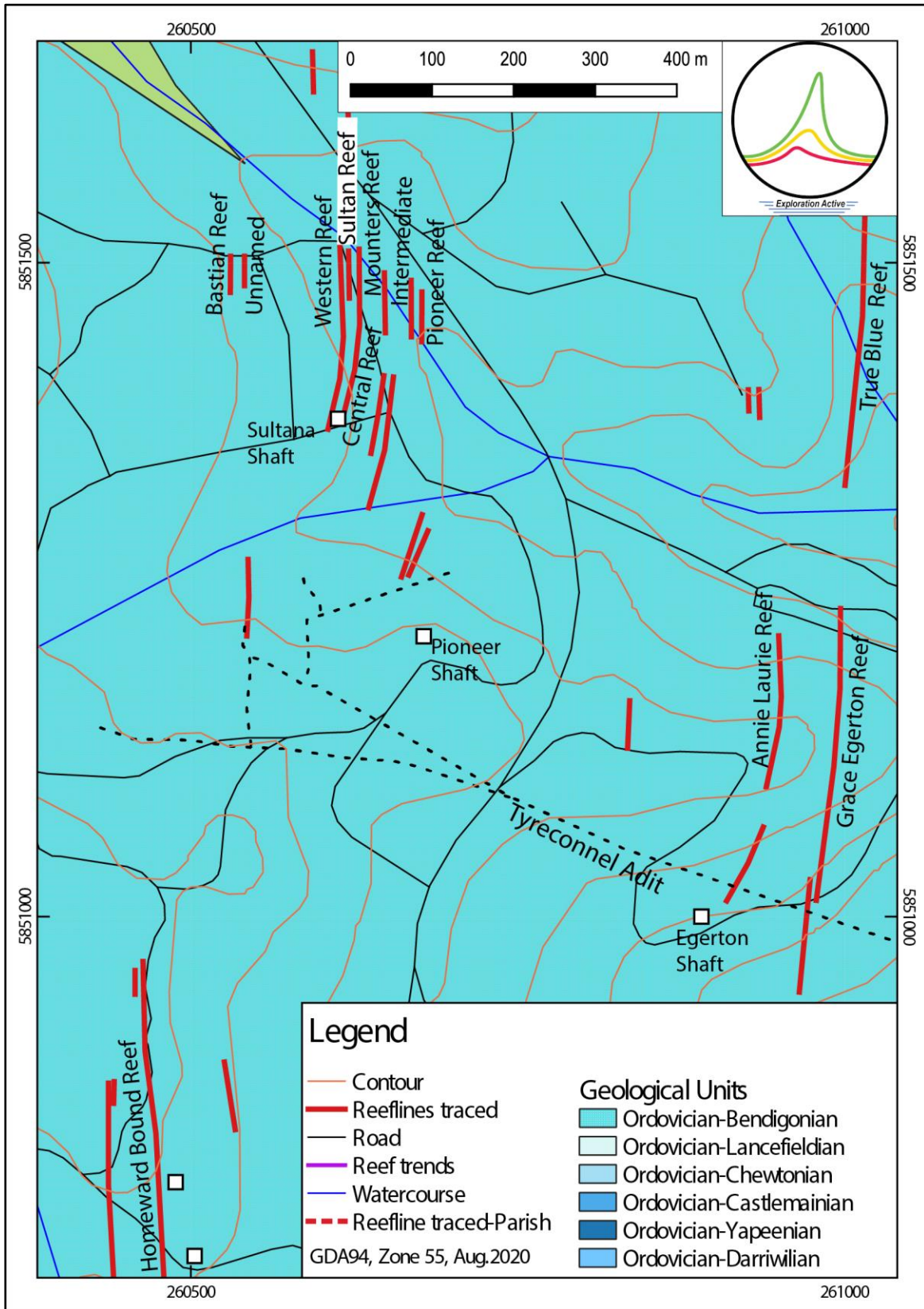


Figure 5: Parallel lode structures untested by historical drilling

Tenure and Project Ownership

Exploration licence EL 5479 is jointly owned by Cauldron and Blackwood Gold Mines Pty Limited following an earn-in deal completed on 12 December 2019 and ratified by Cauldron shareholders in a general meeting held on 11 August 2020. Blackwood Goldfield Joint Venture Pty Ltd (BGJV) has been formed and EL5479 is in the process of being transferred to BGJV, with the joint venture agreement having been registered against it. Cauldron retains 51% ownership with rights to earn-in to 65% and 80% ownership, following the achievement of certain milestones. Cauldron has the right to earn 65% of the joint venture following achievement of a Mineral Resource (JORC 2012) containing at least 300,000 ounces of gold. Cauldron has a further right to earn-in to 80% ownership of the joint venture following the mining production of gold at a rate of at least 10,000 ounces per annum.

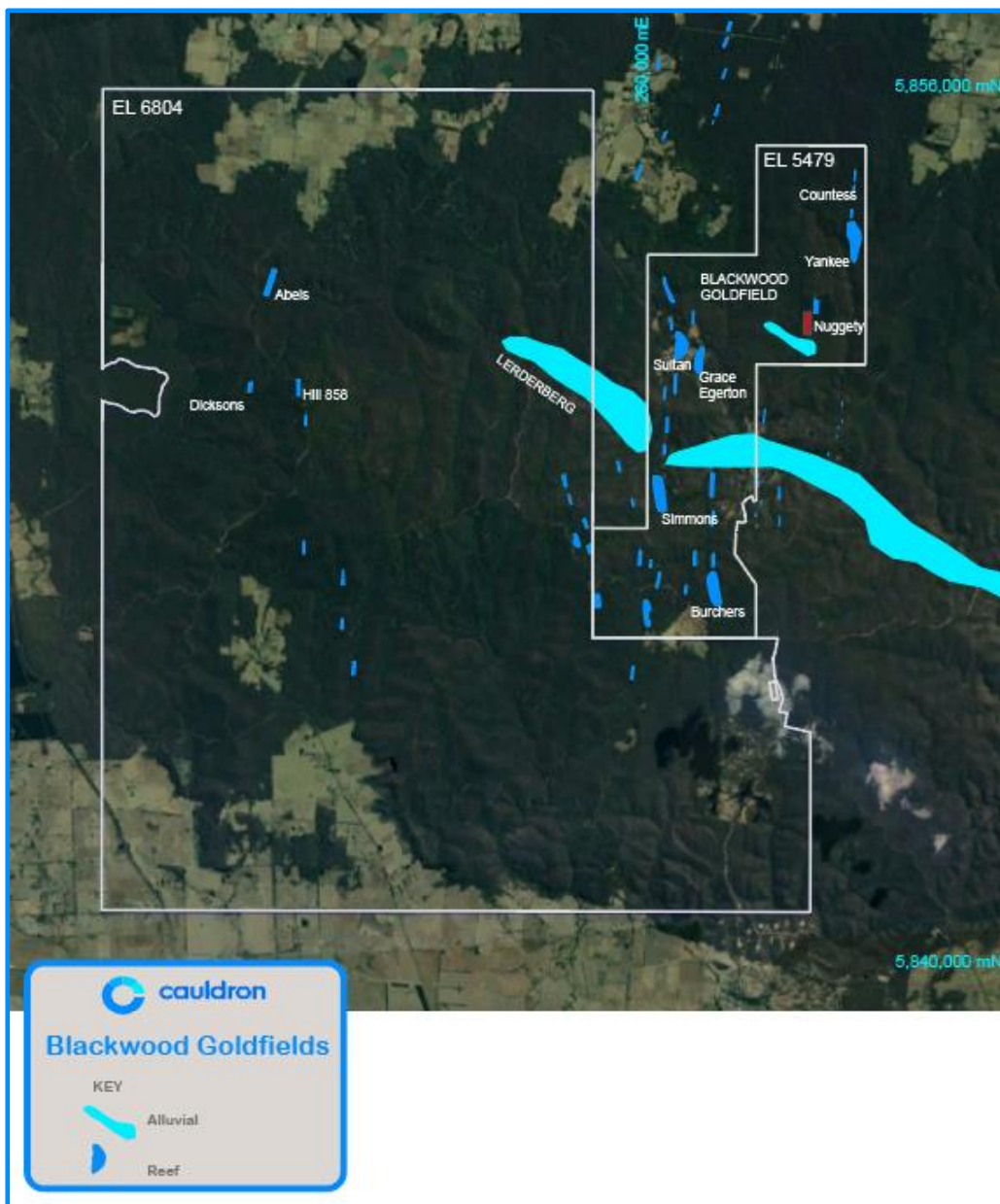


Figure 6: Location of exploration licence EL5479 securing Rogers Big Hill, Eldorado and Homeward Bound and lodes defining the Central Reefs and target areas of the Blackwood Goldfield; EL6804 remains in application

Competent Person Statement

The information in this report that relates to exploration results is based on information compiled by Mr Stewart Govett, Principal Geologist of ExAct Geoscience Pty Ltd and Mr Jess Oram, Executive Director of Cauldron Energy Limited. Mr Oram and Mr Govett are Members of the Australasian Institute of Geoscientists.

Mr Oram and Mr Govett has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Oram and Mr Govett consent to the inclusion in this report of the matters based on information in the form and context in which it appears.

END

Authorised for release by Mr Jess Oram,
Executive Director and Chief Executive Officer.

For further information please contact:

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