ASX Announcement
15 March 2021

Blackwood Goldfield Project Update

Cauldron Progressing Permits to Access Underground Tunnels for High Priority Drill Targets

Highlights

- **Feedback has been received from the Victorian Earth Resource Regulation (ERR) Department that Cauldron's plan to access existing underground infrastructure for exploration and drilling of its Victorian Gold projects is progressing towards approval;**
- **Cauldron aims to re-establish access to more than 1.5km of existing underground tunnels cross cutting its major northern reef systems;**
- **The Company's intention is to use this access infrastructure as multiple underground drill platforms to target the down plunge extensions of the numerous gold reefs identified historically;**
- **The Company also intends to use the access points provided by this underground drive accessed from the Tyreconnel adit to structurally map and sample all of the multiple reef structures intersected (refer Figure 3 and 4);**
- **The Blackwood Gold Project previously produced about 220,000 ounces of gold, grading between 16-23 g/t Au, with reported production of 73,313 ounces at 28g/t from the Sultan shaft alone** ***Source: "The Gold Mines of Blackwood" author: Erik Norum; refer ASX announcement of 8 January 2020***
- **The data points and exposed reef structures give the geology team a low cost & unique insight into the numerous orebodies intersected and allow the Company to develop and bulk sample the higher-grade intersections where they are found; and**
- **The use of this platform and development approach ensures that the local community lifestyle is undisturbed by Cauldron's planned exploration programs.**

Cauldron Energy Limited (**Cauldron** or the **Company**) (ASX: CXU) is pleased to advise that Cauldron has received feedback that its program of work accessing the significant historical underground workings below the Sultana, Sultan and North Sultan shafts is progressing through the Victorian Earth Resource Regulation (ERR) department's approval system.

This program of work with go ahead expected mid-year accesses this unique and extensive 1.5km level drive from the Tyreconnel Adit lying perpendicular across the Eastern lodes including Annie Laurie and Grace Edgerton systems into and across the Western lode system.

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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)
10,000,0000 Unlisted Options (exercise: $0.03; expiry 16-Sep-22)
6,000,0000 Unlisted Options (exercise: $0.05; expiry 16-Sep-23)
45,354,839 Options (exercise price: $0.05; expiry 30 Nov 2023)
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 ability to access the Tyreconnel drive offers Cauldron the following advantages:

a) Ability to isolate activities from the environment and community in the area

b) reduces the length of drill holes by approximately 100m - vastly improving cost efficiency per ore-body intersection

c) provides direct access to the orebodies allowing channel sampling of the numerous gold reefs that the drive crosses – providing information in a cost effective and timely manner.

The Western Lode systems host the historical high ounce production shafts of Sultana, Sultan and North Sultan with historically reported production of 73,313 ounces at 28g/t from just the Sultan shaft (Source: *"The Gold Mines of Blackwood" author: Erik Norum; refer ASX announcement of 8 January 2020*.

This historic infrastructure, worth many millions if it were constructed today, provides multiple well-positioned drill platforms. This enables targeting of the down plunge projection for the multiple reefs in the northern & central areas (refer Figure 1).

Notably this is an access into numerous orebodies that have not been re-accessed for over 100 years, historical mining in 1860's requiring high mining grades by today's standards and expected to have extensive remanent gold making significant margin at today's gold prices without requiring the capital cost of shaft or decline access. In fact, multiple shaft accesses into the reef systems do exist (refer Figures 1 & 2) and can be utilised in future work programs once the high-grade plunges have been targeted by the highly cost-efficient underground diamond drill program. Historical reports indicate that lack of water pumping technology stopped continued down plunge mining of the high-grade shoots providing the Company with a high expectation for the multiple drill targets.

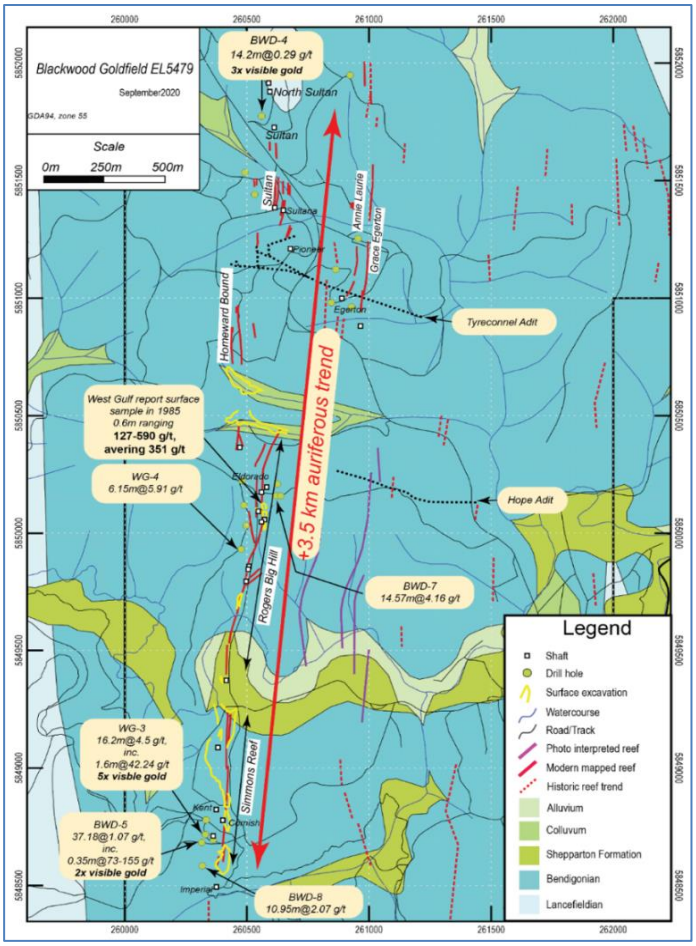

Figure 1; North, Central and South mine areas, note Tyreconnel adit & drive providing ug drill platform and sampling access for entire northern & central gold vein systems underneath the numerous existing shaft accesses.

The Company's development strategy is to have minimal surface impact and communicate this program with the local community at each step. This low impact approach for both community and environment is crucial as Cauldron's personnel will form an integral part of this community.

Cauldron's vision at Blackwood is to combine the best of traditional mining methods used in the Blackwood mines, which in later years used handheld compressed air drilling mining methods in conjunction with modern battery driven transport systems, thereby designing out the typical environmental impacts of mining with hydrocarbons. The target here is to be a low carbon green mine.

If the north end of the Image above (Figure 1) is studied, one can see the underground trace of the 1.5km of lateral access west from the Tyreconnel Adit across the eastern lode package including Annie Laurie and Grace Edgerton systems past the Edgerton shaft and providing access to the high historical production lodes of Sultan and Homeward Bound. The conceptual section below (Figure 2) shows just how little of this area was mined historically with some 1980 &1990s drilling intersections illustrating this potential for down plunge continuation.

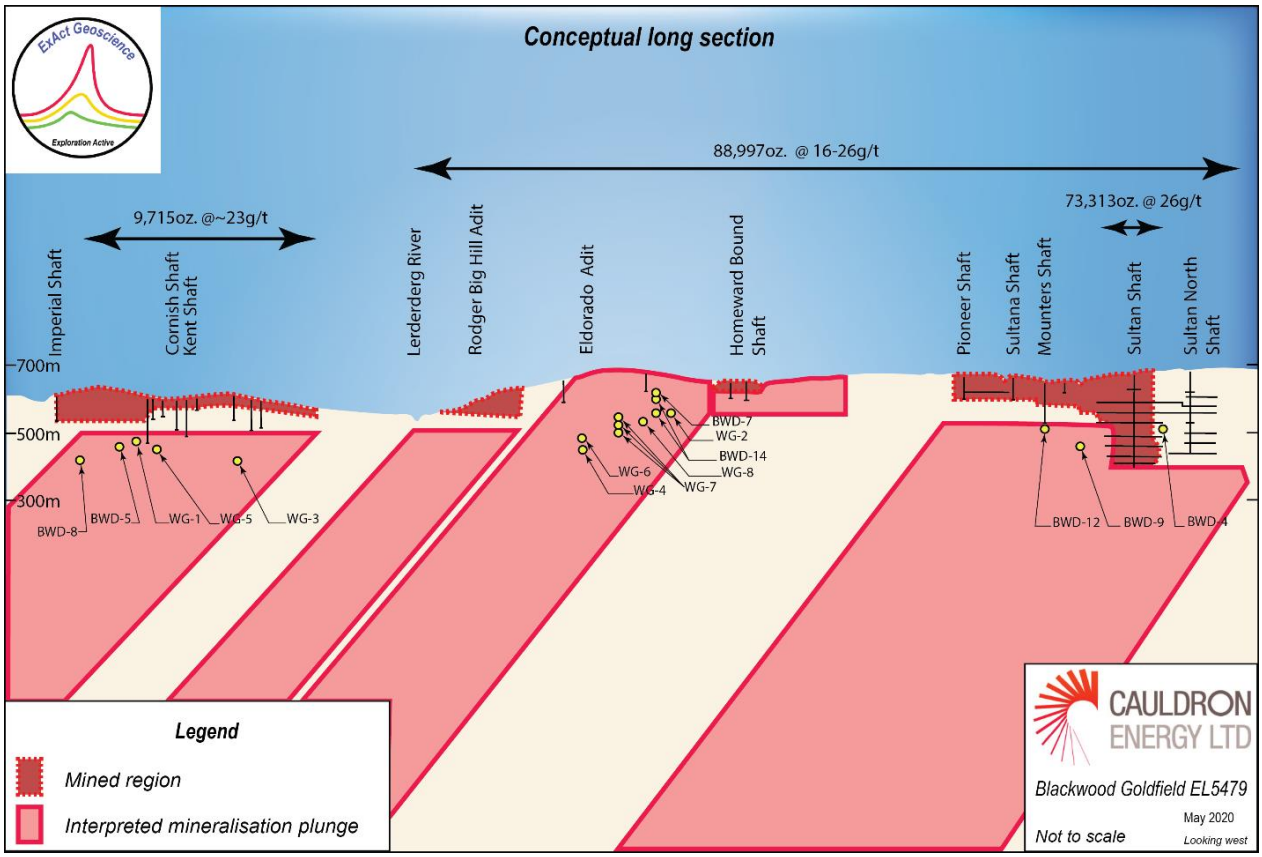

Figure 2: Conceptual 3.5 km long-section for Simmons – Rogers Big Hill – Sultan line of lode; the Tyreconnel accesses between the projected North and Central high-grade plunges (in red) making it the ideal drill platform especially for the North area.

The nature of the historical mining has been that small areas of mining lease were operated by different mining companies back in 1860's. Each had sufficient gold endowment to justify the significant cost of installing individual shaft accesses illustrating the richness of these systems. The density of historical shafts is a testament to quite how rich the gold mineralisation was, refer to the right-hand end of Figure 2. Figure 1 shows the 3 main mined areas, North, Central and South on the 3.5 km gold trend. The Company is initially targeting the Northern one based on accessibility (Via Tyreconnel) and original gold endowment refer Figure 2. Note there are numerous other high grade reef systems as shown on the Figure 1 plan. For the first time this area has been combined under the same ownership allowing a more holistic view of the gold endowment in developing the entire gold field including the areas to the south.

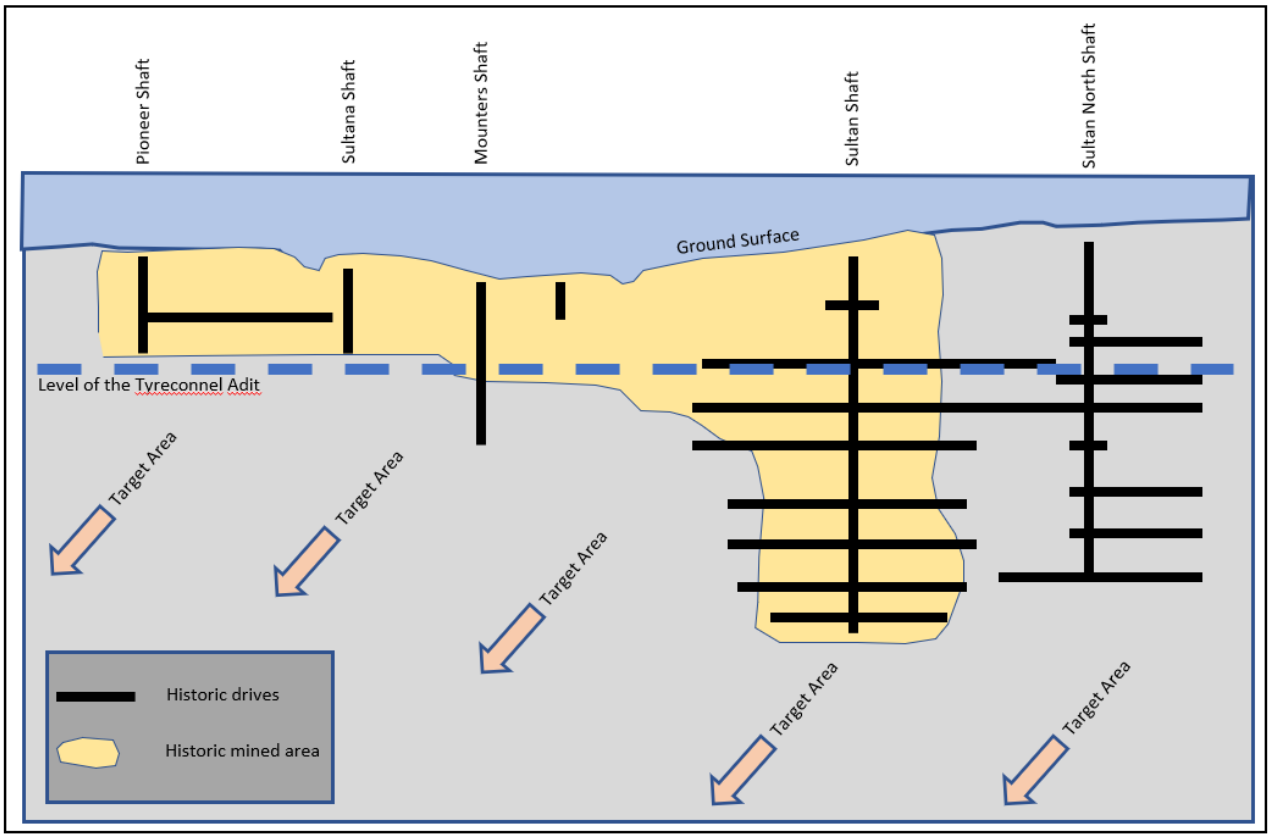

Figure 3: Long section of northern area of Figure 2 showing Tyreconnel Adit level accessing a large section of the historically mined areas.

The deepest shaft in the whole gold field was the Sultan shaft (refer Figure 2 & 3). It is no coincidence that this was the highest producing area as see Figure 2. This shaft effectively drained the whole northern goldfield and the pumping from the Sultan gave the mining companies in the adjacent leases (utilising Pioneer, Sultana and Mounters shafts, refer Figure 2) a head-start with no pumping required. By following the base of the old workings on Figure 3 to the south of the Sultan Shaft, one can picture the water table draw-down subsequently drained through by the Tyreconnel Adit. When one then understands that the cessation of pumping in Sultan shaft due to higher pumping costs, vertical water lift starting to be outside the technical capacity of their pumps and lowering grades effectively stopped the whole gold field. It is even possible the Tyreconnel adit may have been put in collectively by the different leases holders to reduce the pumping load on the Sultan shaft as the Tyreconnel adit floor level is just less that 100 metres vertically below the North Sultan shaft collar (Refer Figure 3). A vertical pumping lift of 100m was a significant pumping duty using the technology of late 1800s and early 1900s.

The Company intends to access the Tyreconnel for drilling and sampling and this provides access through to the old workings above the water table as shown in Figure 3. Given the structural complexity of the Victorian gold mineralisation in general and which Blackwood is no exception, there is a reasonable potential that some of bonanza gold mined in the 1860s will remain unmined and accessible with some structural support work above the Tyreconnel level. The company can test this potential with the recent improved geological understanding of the gold mineralisation in the Victorian gold fields, once approval has been granted to the current work proposal. Cauldron intends to use the more traditional handheld narrow-vein style mining systems consistent with the historical mining used in the area. This is partly due to narrow access tunnels and also because this is historically proven to be sensitive to the pristine environment in the region.

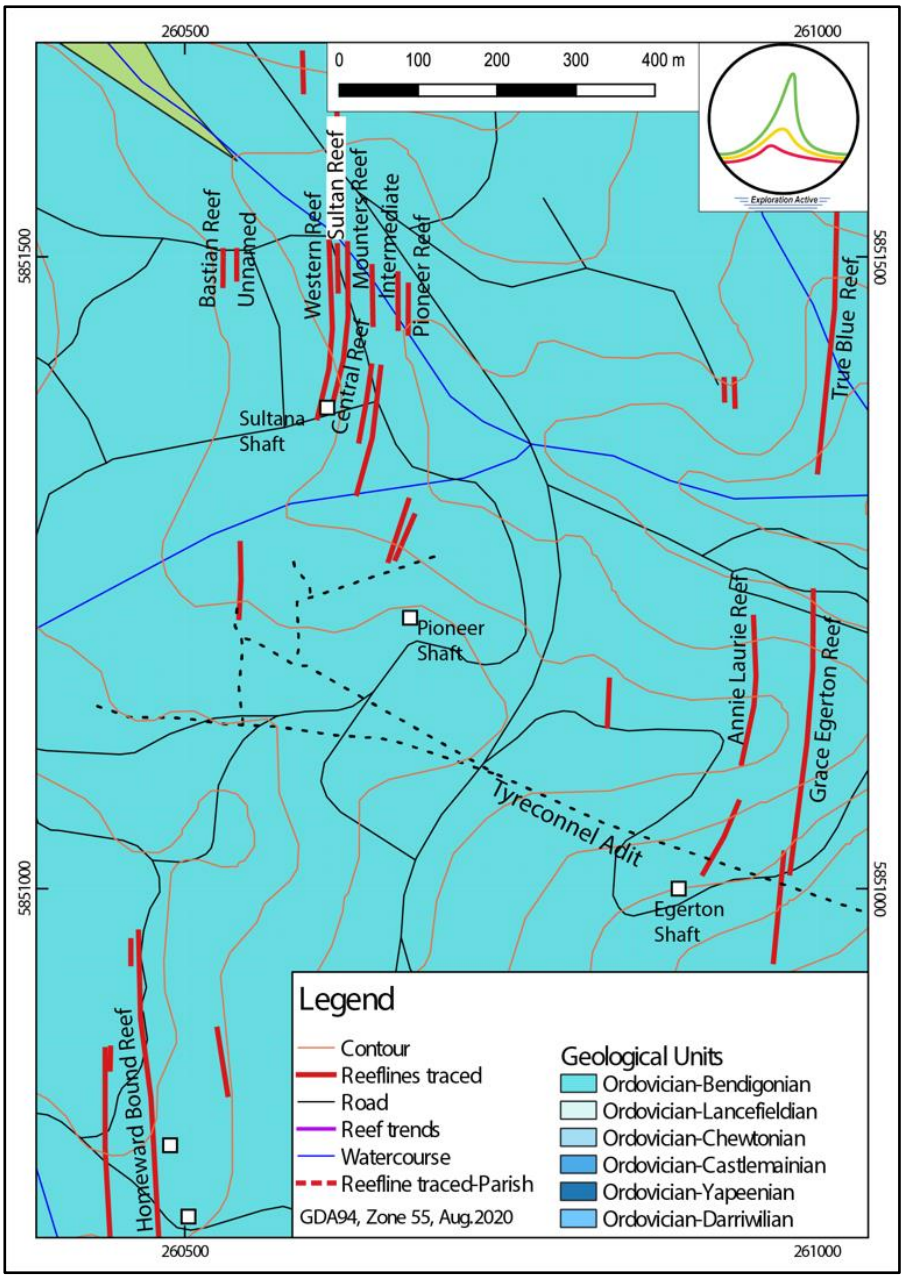

Figure 4: Shows Tyreconnel Adit tunnel's western extension accessing eastern (Annie Laurie/Grace Edgerton) gold reefs and its western extension past Pioneer Shaft. Refer Figure 3 showing NS section along western reefs encompassing Pioneer, Mounters and Sultana shafts etc shown above. Access to these workings will allow access for sampling and further investigation of the high grade historically mined areas as well as the planned drilling below this level into the projected high-grade plunge extensions refer Figures 2 & 3.

The gold field activity was effectively stopped by water ingress that the poor technology of pumping of the times couldn't cope with the vertical lift required (Sultan shaft about 230 m deep), a common theme in historical mining. This was compounded by the different leases held by competing companies (note the numerous close spaced shafts) not inclined to co-operate to justify the cost of pumping. Mining halted by water ingress at depth, notably not from a lack of gold. These inefficient efforts were finally curtailed as manpower was drawn into the World War 1 conflict. This provides an opportunity for Cauldron as it means that lack of gold wasn't the reason the mining activity ceased and considering the bonanza grades that was being mined in the 1860s this gives the Company a very good reason to test these areas especially with the access in place. It just remains for the Company to obtain the required Government approvals to commence work.

Cauldron's strategic approach is to redevelop the field in-line with the community, using modern geological understanding to follow the predicted high-grade plunges into the deeper areas that became inaccessible to historical miners. The opportunity here for Cauldron is that while this exploration drill effort is being pursued via underground drilling, it can potentially be assisted by the remnant gold that has been left behind. For the first time the whole field can be viewed in a single mining lease with improved geological understanding of gold distribution which may include some of the bonanza areas that have been missed in the upper levels beneath the current shafts.

Cauldron MD, Jess Oram, comments; "*It is remarkable that such a historically prolific gold field hasn't been pursued as have the other two large Victorian Goldfields. Cauldron can sensitively re-establish this golden opportunity because we have a green value system, the appropriate plans, the skills including an experienced network which can be combined with head-start provided by the historical access infrastructure. This represents an exciting and rewarding opportunity for Cauldron, its shareholders and the local community.*"

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.

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.

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 consents 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.

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