

Blackwood Gold Project Update

Ground support work nearing finalisation for drilling program targeting high-grade gold targets using zero-carbon energy initiatives

Highlights

- **Cauldron has completed two diamond drillholes into a highly exciting area adjacent to the Annie Laurie reef. Interpretation of this significant new target area results from a comprehensive technical review of all available historical reports.**
- **Both holes intersected a historically mined void, believed to also be a potential fault structure – this is a very promising sign confirming that initial interpretations of historical high-grade zone locations were accurate.**
- **To improve access to these drilling areas, it has been necessary to secure the Tyrconnel/Annie Laurie reef junction earlier than planned, preserving precious shareholder funds in the long term.**
- **The Company's personnel are in the process of establishing the underground infrastructure and required ground support to enable drilling.**
- **This work has continued unabated despite recent high rainfall, localised earthquake and COVID lockdowns but access to consumables and suitably experienced personnel has hindered ground support operations.**
- **The Company estimates the completion of ground support works within the next 4 weeks, in preparation for resuming drilling. The drill will be repositioned to focus on the interpreted high-grade area adjacent to the Annie Laurie reef.**
- **To enable continued exploration, the company has applied for a Prospectors Licence (PL7763) over the Annie Laurie and Grace Edgerton areas. This application has now been accepted by the Victorian Earth Resources Regulation division (ERR) of the Department of Jobs, Precincts and Regions (DJPR).**

Cauldron Energy Limited (**Cauldron** or the **Company**) (ASX: CXU) is pleased to provide an update in relation to its exploration activities in the Tyrconnel portal area of its prospective Blackwood gold project. The Company has established exploration operations in the Eastern reef area, comprising the Annie Laurie and Grace Edgerton reef systems. Concurrently, Cauldron has applied for a Prospectors Licence to facilitate the continued exploration of this high potential zone. This application has now been accepted and progressed through the grant process by the Earth Resources Regulation division of the Department of Jobs, Precincts and Regions.

ABN

22 102 912 783

Address

Unit 47, Level 1
1008 Wellington Street
WEST PERTH WA 6005

PO BOX 1024

West Leederville WA 6007

ASX Code

CXU

Securities on Issue

491,293,630 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)

61,001,898 Options (exercise price: \$0.05; expiry 30 Nov 2023)

9,000,000 Performance Rights (expiring 10 August 2025)

Board of Directors

Simon Youds
Executive Chairman

Jess Oram
Non-executive Director

Qiu Derong
Non-executive Director

Judy Li
Non-executive Director

Chenchong Zhou
Non-executive Director

Michael Fry
Company Secretary

2021 Drill Program Update

Two diamond drill holes have been drilled from the footwall, or eastern side, of the Annie Laurie reef targeting a potential high-grade zone in the hanging wall of the reef. The Annie Laurie void was intersected by both holes, prior to reaching the interpreted depths of the intended targets. To obtain satisfactory drill core for sampling from this initial area of interest, it has been necessary to secure safe access through the intersecting area between the Annie Laurie reef and the Tyrconnel Adit. This will then allow the redesign of the first phase of planned holes to drill this target from the western and hanging wall sides of the reef. Drilling from the hanging wall side of the reef was always planned, however this was intended to occur in the second phase of exploratory drilling later in the program. The complete extraction of the Annie Laurie by historical miners, while highlighting the original value of the reef, frustrated the team's initial efforts for an 'early win'. It was originally hoped that the initial target could be tested without needing to complete this work early in the campaign, however it quickly became obvious that completing the ground support work now will prove to be a better use of precious shareholder funds and allow the resumed drilling to continue relatively uninterrupted in the long term.

The safe transition across the Annie Laurie reef system will allow the drill to be placed adjacent to the initial area of interest. The relative proximity of this zone to the area of ground support work has been somewhat frustrating for the team since establishing the Tyrconnel tunnel in July this year. The stabilisation of the Tyrconnel - Annie Laurie intersection will finally allow the team closer access with the diamond drill to test this exciting area. As per the initial planned strategy, the Tyrconnel access will provide a platform for short and, if successful, multiple intersection points into the first of what the Company believes to be many similar areas of interest, following the results of continued interpretation work done by Cauldron's technical team.

The re-establishment and utilisation of these valuable and irreplaceable historical accesses has a second and crucial benefit of isolating this exploration drilling and any subsequent work from the surface. This ensures that the forested environment, its waterways and the hamlet of Barrys Reef above will not be impacted at all by the exploration work in progress at depth below them. The fundamental and innovative aspect of this work program can be a paradigm shift and challenges the binary view of mining versus environment and community. The Company believes this demonstrates that, with sensitive planning and continued respectful communication, there can be a resulting satisfactory compromise between providing the required value of resources for the wider community and improved protection measures for the surrounding pristine and tranquil environment.

The planned ground support to secure the original development and access establishment has been slowed down by restrictions to equipment, consumables and inter-state travel related to COVID. The high rainfall over the period has both loaded up and weakened the aging support timbers, further delaying access across the reef to the intended drill site. It has, however, allowed the team to refine the ground support systems that Cauldron planned to use in the re-establishment of the extensive tunnel and shaft network, established in the 1860s, throughout the historically mined area. The earthquake at Woods Point was over 200km away from the operation and, after a brief site-based risk assessment, work was able to recommence after no impact was detected.

Innovative Sustainability Programs

Mine Water Treatment

Historical mining processes included the establishment of sediment dam systems to allow drainage of water from the Tyrconnel Adit. This system has been independently shown to be working as it was originally designed to. The Cauldron team has improved the existing overflow system with timely maintenance and committed to continue this in line with its work approval and environmental bond submitted to Melbourne Water.

Meanwhile, the Company has engaged with a local business entity to utilise algae in the cleaning and treatment of the natural, arsenic-rich ground water. The use of the algae is a tried-and-tested method and is being used globally to treat wastewater for various agricultural, industrial, and commercial purposes. An example of this is shown in the 2015 study conducted by the Health and Environmental Group of Flinders

University, South Australia¹. The resulting clean water can then be utilised to restock local river systems, provide a consistent supply of water for all fauna, create a form of “wetlands” in the local area and thereby assisting in the long-term mitigation of climate change in terms of drought and bushfires.

Large-Scale Soil Improvement.

Additionally, Cauldron are working with a local group who have initiated a soil remediation project in the region. The objective is to utilise waste rock from the historical mines to improve soil that has been degraded over time in various parts of the state, which will also assist in improving the sub-soil drainage in parallel with their soil improvement techniques.

Commenting on the progress to date, Executive Chairperson, Simon Youds said: *“The confidence we are gaining in stabilising this sedimentary package of rocks, historically known to host the high-grade gold mineralisation, frees up the safe use of this access infrastructure, becoming as useful for Cauldron as it was for the miners in the 1860s. The delays suffered in obtaining consumables and equipment are temporary however the experience gained in safely securing the access across the eastern reef system will stand the operational team well for the planned future work as we access the drill platforms to test the unmined sections of the western reef system below 100m depth. The Tyrconnel Adit, at nearly 100m below the surface, leading to the network of western reef workings is a unique launching pad to explore and test this area which has had such a prolific gold production history.*

In parallel with this work, the team at Blackwood have continued to develop innovative sustainability projects with a unique holistic circular economy approach. These projects lay the foundations to ensure that surface features remain protected and sustainability goals are achieved for the underground operations. This approach means that Cauldron’s work will continue to go unnoticed by environment and residents, as it has to date, and potentially enhance it in the future as the community and government perceive its potential value for the state of Victoria.”

The Company looks forward to updating the market as this program progresses.

END

Authorised for release by Mr Simon Youds, Executive Chairperson Cauldron Energy Limited

For further information please contact:

Simon Youds
Executive Chairperson
Cauldron Energy Limited
T: (08) 6270 4693
M: +61 408 937 928
simon.youds@cauldronenergy.com.au

Michael Fry
Company Secretary
Cauldron Energy Limited
T: (08) 6260 4693
M: +61 417 996 454
michael.fry@cauldronenergy.com.au

¹ Refer to “Integrating algal biomass production and wastewater treatment”, Professor Howard Fallowfield, Flinders University, 2015.
https://waterportal.com.au/swf/images/swf-files/2015_integrating-algal-biomass-production-and-wastewater-treatment.pdf

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