CXU to acquire highly prospective lithium projects in Pilbara region of Western Australia

HIGHLIGHTS

- **Cauldron Energy agrees to acquire over 360sqkm of highly prospective lithium tenements across 2 project areas in the Pilbara region of Western Australia - one of the world's emerging lithium provinces**
- **The Pilbara is one of the world's leading hard rock lithium provinces following the discovery and development of mines at Pilgangoora by Pilbara Minerals Limited (ASX: PLS) and Altura Mining Limited (ASX: AJM). A new potential lithium discovery by Fortescue Metals Group Limited (ASX: FMG) further enhances the region's standing**
- **The first project area is located at Pippingarra in the Tabba Tabba region near Port Hedland and along a fault paralleling the main Tabba Tabba structure which hosts a potential new lithium discovery by Fortescue (Pippingarra Lithium Project)**
- **The second project area is located near Marble Bar (Marble Bar Lithium Project) and contains a Lithium (Spodumene and Lepidolite) bearing pegmatite swarm, with a strike length of 3.5km (within a 4km wide corridor)**
- **Sampling has returned an assay high of 3.72% Li_2O, with an average of 1.85% Li_2O and limited first pass drilling has identified very encouraging results including best intercepts of 14m @ 0.58% Li_2O from 0 to 14m including a higher grade interval of 3m @ 1.48% Li_2O from 8m**
- **Comprehensive exploration program to commence immediately the transaction is completed**

Cauldron Energy Limited (ASX: **CXU**) (**Cauldron** or the **Company**) is pleased to announce that it has entered into an agreement to acquire the Pippingarra Lithium Project and the Marble Bar Lithium Project (**Project**) from Mercury Resources Group Pty Ltd (an unrelated private exploration and mining group) (**Mercury**) for 40 million CXU shares, 40 million CXU options, 60 million performance shares, a 1% net smelter royalty and $500,000 in cash payable in instalments of $250,000. The first instalment is payable on completion of the transaction and the second on CXU raising $2 million.

ABN 22 102 912 783

32 Harrogate Street, West Leederville WA 6007

PO Box 1385, West Leederville WA 6901

ASX code: CXU

329,289,708 shares
20,000,000 unlisted options

Board of Directors

Tony Sage
Non-Executive Chairman

Jess Oram
Executive Director &
Chief Executive Officer

Qiu Derong
Non-executive Director

Judy Li
Non-executive Director

Nicholas Sage
Non-executive Director

Chenchong Zhou
Non-executive Director

Management

Catherine Grant-Edwards
Company Secretary

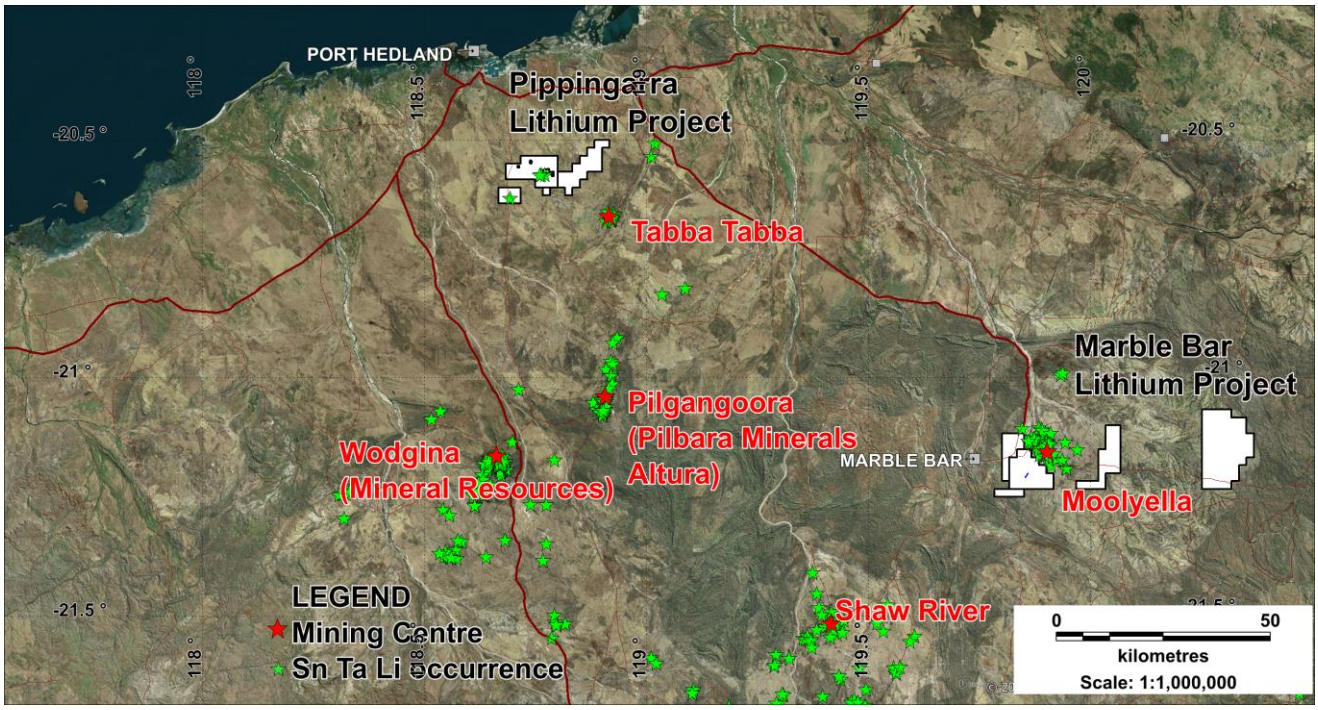

Figure 1: Project location map

PIPPINGARRA LITHIUM PROJECT

The Pippingarra Lithium and Tantalite project consists of two granted Exploration Licences (E45/4691 and E45/4759) covering 181 km^2 strategically located 27kms south east of Port Hedland. Port Hedland is one of the largest and most significant commodity export ports in the world.

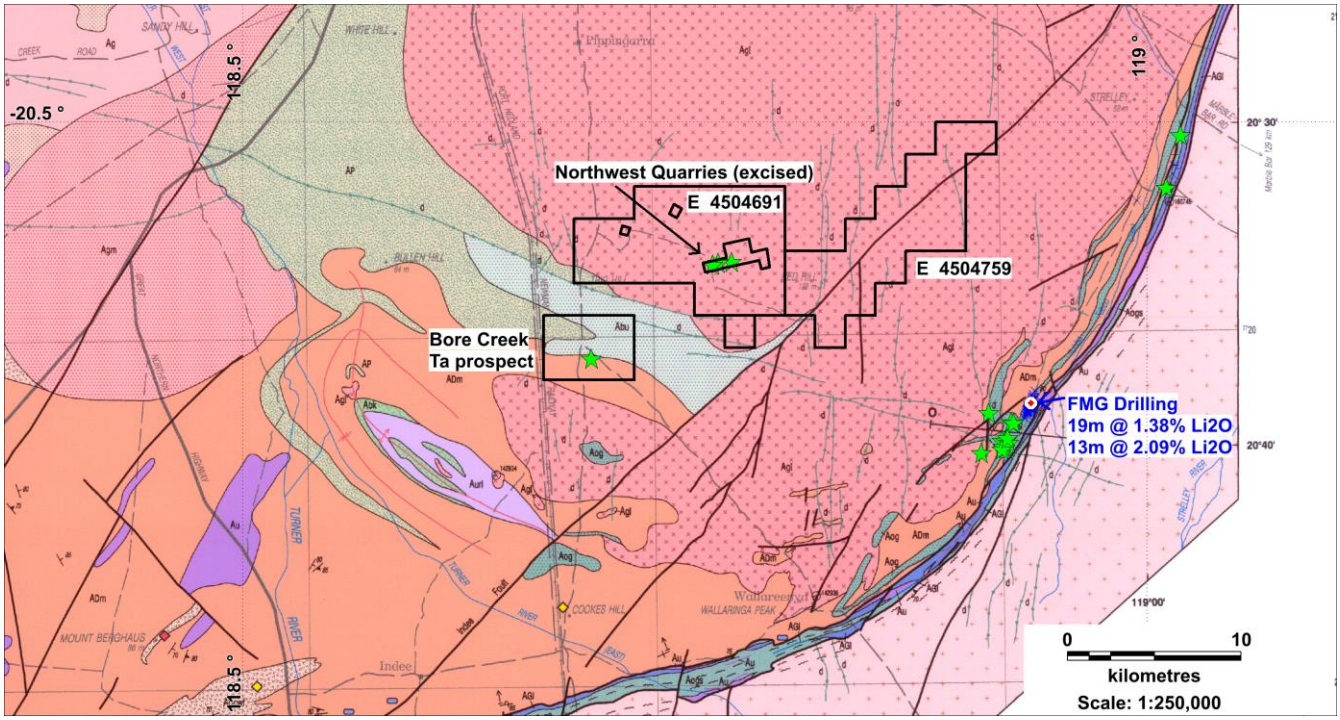

Figure 2: Pippingarra Lithium Project tenement location map and geology

The tenements share similar geology and are adjacent to the recent potential lithium discovery by Fortescue Metals Group (ASX:FMG) at Tabba Tabba. Fortescue have recently pegged a mining lease and are conducting extensive exploration and drilling in the area.

The Pippingarra Lithium Project is highly prospective for pegmatite hosted lithium and tantalite mineralization and contains tantalite occurrences at the excised Pippingarra quarry (Northwest Quarries) and Bore Creek prospect. There is no reported lithium exploration on these prospects even though the Pippingarra pegmatite is described as one of the largest granite hosted mineralized pegmatites in the Pilbara.

The tenements are underlain by a large area of the Archaean Strelley Granite rimmed by sediments and volcanics of the Mallina Formation and the Louden Volcanics. The project also contains a regional north-east trending structure sub-paralleling the nearby Tabba Tabba Shear which hosts the Tabba Tabba tantalite deposits and historical mining centre.

The tenements surround the excised Pippingarra quarry which was recently mined for feldspar and muscovite contained within a large pegmatite body. A small tantalite, columbite, beryl mine also operated within the excised tenements in the 1950-1960's. In the south west corner of the tenement the Bore Creek alluvial tantalite prospect occurs. Extensive areas of prospective pegmatite occur within the project area. The Company will commence a thorough exploration program once the transaction has completed.

MARBLE BAR LITHIUM PROJECT

The Marble Bar Lithium Project consists of four (4) granted Exploration Licences (EL 45/4669, 45/4690, 45/4724 and 45/4746) covering 186kms located between 10 and 20 kilometres East of Marble Bar in the East Pilbara region of Western Australia (see Figure 1). Marble Bar is located approximately 200km south east of Port Hedland.

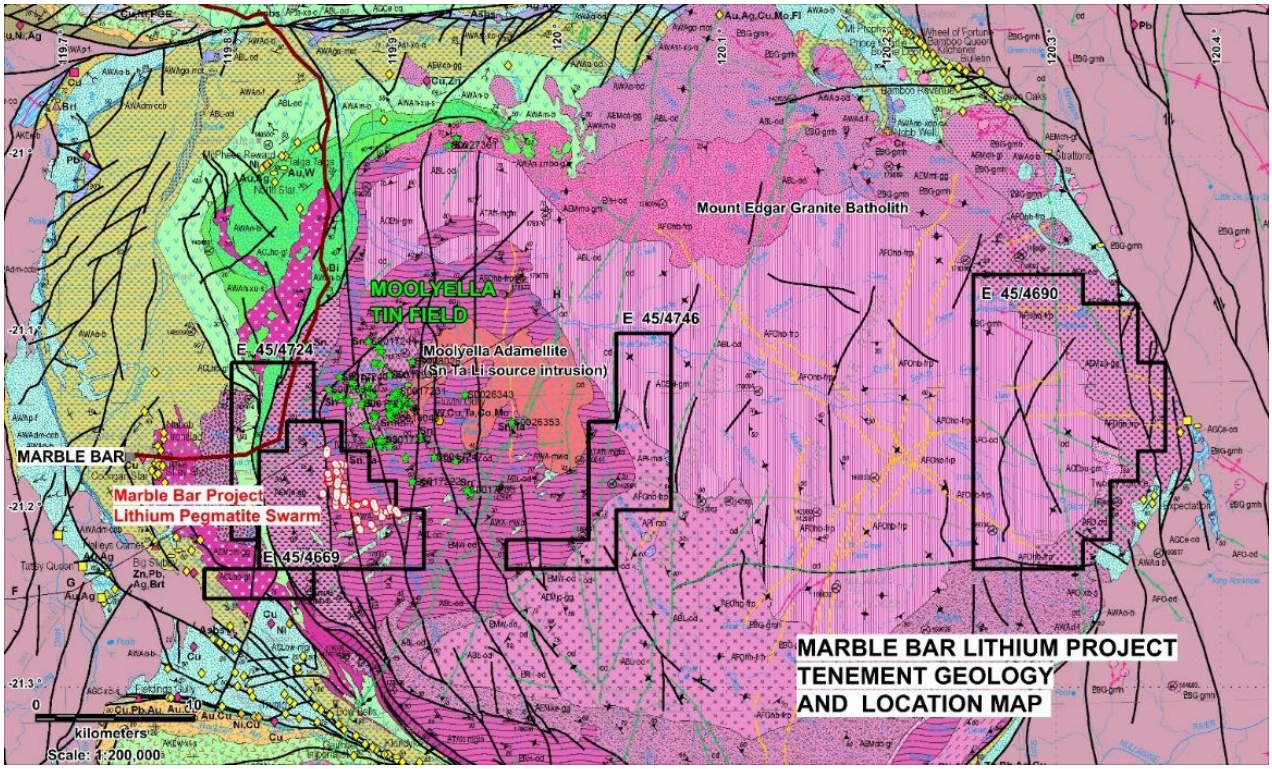

Figure 3: Marble Bar Lithium Project tenement geology and location map within the East Pilbara

Reconnaissance exploration in 2016 by well-known prospectors Denis O'Meara and Brian Richardson discovered new lithium bearing pegmatite swarms at the project with a strike length of 3.5km within a 4.0km wide corridor. Individual pegmatites were traced for up to 1km in outcrop with widths between 5 and 15m. Spodumene and Lepidolite mineralisation associated with the pegmatites has been identified within this corridor. Rock chip sampling returned peak values of 3.72% Li_2O and 3.32% Li_2O with an average of 1.85% Li_2O across the 22 samples (see Table 1 for a complete listing of rock chip samples). Details of sampling methods and assay results are presented in Blaze International Limited's (BLZ) ASX release of 2 August 2016.

Figure 4: Typical spodumene rich lithium pegmatite – Marble Bar Lithium Project

Figure 5: Drilling at the Marble Bar Lithium Project

In November 2016, Blaze International conducted a limited shallow 12 hole, 702m RC drilling program targeting only 3 of the known mineralised pegmatites. Drilling returned significant lithium results within broad low grade zones of mineralisation, and lithium was intercepted in most holes with 7 holes also containing narrow but higher grade zones. Hole MBRS006 returned one of the best intercepts of 14m @ 0.58% Li_2O from 0 to14m including a higher grade interval of 3m @ 1.48% Li_2O from 8m.

The drilling confirmed the shallow 30-35 degree easterly dip to the pegmatites and also indicated that the pegmatites are often associated with broad mineralized alteration haloes indicating a large and pervasive mineralizing event. (**see Tables 1 and 2 below for details**). These drill results are significant for a first pass drilling campaign into a new spodumene rich pegmatite field in the Pilbara and warrant further work being undertaken.

The majority of the project area remains under explored. Systematic exploration will be conducted to identify any additional Lithium bearing pegmatites within the defined corridor and elsewhere in the Project area.

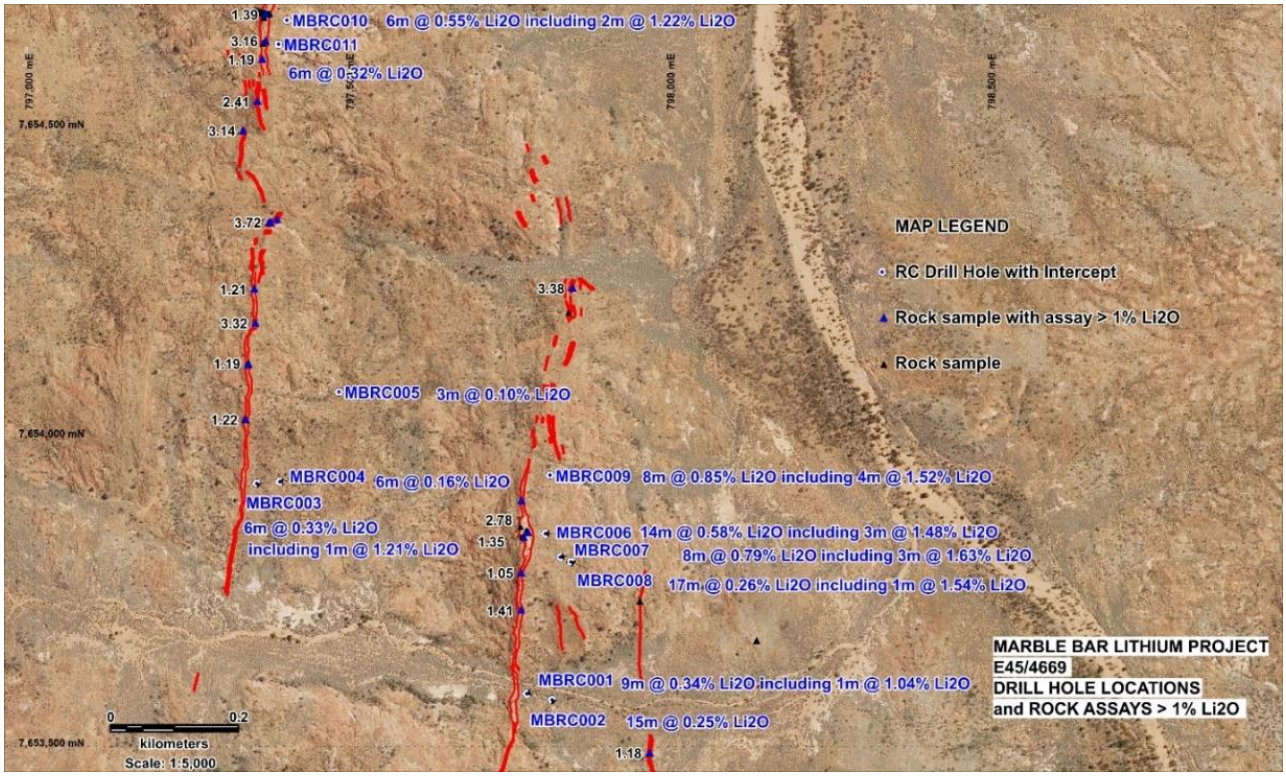

Figure 6: Marble Bar Lithium Project - drill hole and rock sample locations (with intercepts and assay results).

Table 1: Marble Bar Lithium Project Rock Chip Sample and Drilling Summary

Sample ID	Easting GDA94 (m)	Northing GDA94 (m)	Li2O (%)	Field Description
L103743	797366	7654349	3.72	composite coarse feld minor qtz peg
L103744	797369	7654349	1.87	coarse feld minor lepid "carbonate look'
L103745	797379	7654354	2.86	coarse feld minor qtz peg
L103746	797343	7654241	1.21	lepid rich peg coarse qtz feld
L103747	797345	7654186	3.32	coarse feld peg
L103748	797334	7654121	1.19	coarse lepid peg qtz feld
L103749	797330	7654030	1.22	lepid rich peg
L103750	797759	7653722	1.41	lepid rich peg 4m wide 30 dip E
L103751	797759	7653782	1.05	lepid rich peg 7m wide coarse
L103752	797758	7653857	0.14	coarse felp peg 'carbonate text' minor lepid
L103753	797759	7653899	1.85	lepid breccia coarse feld qtz
L103754	798734	7651745	0.69	weak mineralised lepid peg
L103755	799469	7652181	2.07	lepid rich peg
L103756	799419	7652274	1.8	lepid rich peg,large qtz
L103757	799399	7652400	1.35	lepid peg
L103758	799494	7652029	2.17	lepid rich peg
L103759	799434	7652220	2.06	lepid rich peg
L103760	796452	7654111	0.68	lepid rich peg laminated

L107445	797348	7654544	2.39	coarse green spodumene rich pegmatite
L107446	797361	7654642	3.14	coarse green and pink spodumene rich pegmatite
L107451	797334	7654119	1.36	coarse spodumene minor lepidolite rich pegmatite
L107452	797326	7654497	3.12	coarse spodumene qtz feld pegmatite minor lepidolite

Hole_ID	MGA50_East	MGA50_North	Orig_RL	Dip	Azimuth	Max_Depth
MBRC001	797768	7653586	213	-60	270	40
MBRC002	797807	7653576	203	-60	270	64
MBRC003	797347	7653926	222	-60	270	40
MBRC004	797383	7653929	190	-60	270	52
MBRC005	797475	7654074	210	-60	270	130
MBRC006	797797	7653845	222	-60	270	40
MBRC007	797820	7653807	216	-60	270	70
MBRC008	797837	7653799	221	-90	0	76
MBRC009	797804	7653939	216	-60	270	52
MBRC010	797394	7654675	223	-60	285	40
MBRC011	797381	7654636	225	-60	255	40
MBRC012	796870	7655294	199	-60	270	58

Table 2: Marble Bar Lithium Project - Significant 2016 Drill Intercepts (E45/4669)

Hole ID	From (m)	To (m)	Width (m)	Li_2O (%)
MBRC001 including	5 6	14 7	9 1	0.34 1.04
MBRC002	17	32	15	0.25
MBRC003 including	6 8	12 9	6 1	0.33 1.21
MBRC004	26	32	6	0.16
MBRC005	83	86	3	0.10
MBRC006 Including	0 8 22	14 11 28	14 3 6	0.58 1.48 0.26
MBRC007 Including	30 32	38 35	8 3	0.79 1.63
MBRC008 including	43 56	60 57	17 1	0.26 1.54
MBRC009 including	0 12 14	5 20 18	5 8 4	0.35 0.85 1.52
MBRC010 including	10 10	16 12	6 2	0.55 1.22
MBRC011	8	14	6	0.32
MBRC012	12	15	3	0.48

Figure 7: Spodumene rich pegmatites

MARBLE BAR LITHIUM PROJECT'S REGIONAL GEOLOGY

The project is underlain by granites and gneisses of the Mount Edgar Batholith, an early Archaean granitic complex composed of gneisses, granite, mafic enclaves and granitic pegmatites, which is surrounded by a deformed association of ultramafic, mafic and felsic rocks of the Warrawoona Group. The Moolyella Adamellite, a late Archaean (young) granite intrusion believed to be the ultimate source of all the Sn-Ta-Li in the district, occurs 5.0km to the east of EL 45/4669.

The Western tenements of the Marble Bar Lithium Project (EL45/4699 and EL45/4724) are adjacent to the Moolyella tin field, which was one of Western Australia's largest tin producers, with ~7,600 tonnes of tin in concentrate produced between 1899 and 1975 from predominantly alluvial and shallow elluvial deposits. Primary tin mineralisation at Moolyella occurs in swarms of northerly striking, easterly dipping thin pegmatite dykes that occur within close proximity to the Moolyella Adamellite.

The pegmatites mapped within EL45/4699 parallel the swarm of tin bearing pegmatites at Moolyella, with the fractionation of the pegmatite melt originating from the Moolyella Adamellite intrusion resulting in an enrichment of lithium in the pegmatites within the Project area.

Chairman Tony Sage says: "*We are very excited about this project especially considering the surrounding lithium deposits which has made this region one of the hottest in the electronic battery space*."

ACQUISITION TERMS

The key terms of the acquisition are as follows:

1. The consideration payable is:

    a. 40,000,000 fully paid ordinary shares in the capital of CXU (**Shares**), to be issued at completion;

    b. 40,000,000 options, each to be issued one Share upon exercise, with an exercise price of $0.10 and expiring 3 years from issue; to be issued subject to prior CXU shareholder approval;

    c. 60,000,000 performance shares; of which 20,000,000 performance shares vest into Shares (on a one to one basis) upon CXU announcing a JORC Resource of 50,000,000 tonnes @ 1% Li20 with the balance vesting into Shares (on a one to one basis) upon CXU announcing a JORC Resource of 100,000,000 tonnes @1% Li20, each within 3 years from completion; to be issued subject to prior shareholder approval;

    d. $500,000 in cash payable in instalments of $250,000 at completion and $250,000 upon CXU raising at least $2m through a Share issue.

    e. A 1% net smelter royalty on revenue from the sale of minerals from the tenements.

2. Completion is conditional upon certain limited matters (including compliance with applicable laws and Listing Rules, and CXU board approval) and is expected to occur within 14 days.

3. The vendor is entitled to nominate a director to CXU's board.

The 40 million Shares are issued within CXU's 15% capacity under Listing Rule 7.1 and shareholder approval will not be sought for the issue. The issue of the performance shares and options (to occur after completion) is subject to prior shareholder approval. CXU will pay the vendor $250,000 in the event shareholders do not approve the issue.

END

COMPETENT PERSON

The information in this report that relates to Exploration Results is based on information compiled by Brian Richardson, a Competent Person who is a Member or Fellow of the Australasian Institute of Mining and Metallurgy. Mr Richardson is a consultant retained by Mercury Resources Group Pty Ltd, the vendor of the tenements the subject of this announcement. Mr Richardson has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Richardson consents to the inclusion in the report of the matters based on his (or her) information in the form and context in which it appears.

Appendix 1

JORC Code, 2012 Edition – Table 1 report – Marble Bar Lithium Project

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	*Nature and quality of sampling (eg 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.*	• Reverse circulation drilling collected 1m drill spoil which was geologically logged and a 1m riffle split sample collected. These 1m split samples approximate to a 3kg representative of the 1m drilled. This work is considered industry standard. • Samples for assay submission were collected following geological logging with all prospective pegmatite material being sampled. • Details of all historical rock sampling techniques and assaying contained with ASX:BLZ release 2 August 2016 and is not repeated in this Table.
	Include reference to measures taken to ensure sample representation and the appropriate calibration of any measurement tools or systems used.	The drill hole collar locations were surveyed by hand held GPS. Sampling was carried out under standard protocols and QAQC procedures as per industry best practice.
	Aspects of the determination of mineralisation that are Material to the Public Report. *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases, more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	Reverse circulation drilling was used to obtain 1m samples from which 3kg samples were submitted to the laboratory for multi-element analysis.
Drilling techniques	*Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg 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).*	Angled reverse circulation holes were drilled using standard 5.5 inch face sampling hammer.

Criteria	JORC Code explanation	Commentary
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	The majority of samples were dry. Ground water ingress occurred in some holes at rod change, but overall the holes were kept dry. Typically, drilling operators ensured water was lifted from the face of the hole at each rod change to ensure water did not interfere with drilling and to make sure samples were collected dry. Recovery of the samples was good, generally estimated to be full, except for some sample loss at the collar of the hole.
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	Reverse circulation face-sample bits and dust suppression were used to minimise sample loss. Samples were collected through a cyclone and riffle split to give a representative 3kg sample.
	Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	No relationship between recovery and grade has been identified.
Logging	*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.*	All chips were geologically logged to a standard suitable for subsequent Mineral Resource estimation.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	Logging of RC chips records lithology, mineralogy, mineralisation, weathering, colour and other features of the samples. All samples are wet-sieved and stored in a chip tray.
	The total length and percentage of the relevant intersections logged	All holes were logged in full.
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	Not applicable.
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	One-metre drill samples were collected below a rig mounted cyclone and captured in standard plastic bags. All samples were split dry.
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	Samples were prepared at the Ultratrace laboratory Perth. Samples were dried, and the whole sample pulverised to 90% passing -75um, and a sub-sample of approx. 200g retained. A nominal 50g was used for the fire assay analysis. The procedure is industry standard for this type of sample.
	Quality control procedures adopted for all sub-sampling stages to maximise representation of samples.	A CRM standard and fine blank was submitted at a rate of approximately 1 in 20 samples. At the laboratory, regular Repeats and Lab Check samples are assayed.
	Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.	Riffle split samples are regarded as the most representative samples from an RC rig. Duplicate and standard samples were inserted as every 20th sample. The technique to collect the one metre samples was via a portable riffle splitter. The riffle splitter was routinely inspected by the field geologist

Criteria	JORC Code explanation	Commentary
	Whether sample sizes are appropriate to the grain size of the material being sampled.	Sample sizes are considered appropriate to give an indication of mineralisation given the particle size and the preference to keep the sample weight at a targeted 2 to 3kg mass.
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	Samples were analysed at the Ultratrace laboratory Perth. The analytical method used was considered to be appropriate for the material and style of mineralization.
	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.	Not applicable.
	Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	The sampling protocol for the 2016 RC drilling program was for a single CRM (Certified Reference Material) and a duplicate to be inserted in every 20 samples. At the Laboratory, regular assay Repeats, Lab Standards and Blanks are analysed. Results of the Field and Lab QAQC were analysed on assay receipt. On analysis, all assays passed QAQC protocols, showing no levels of contamination or sample bias.
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	Significant results were checked by senior geologists.
	The use of twinned holes.	No twinned holes drilled.
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	All field logging is carried out using a customised logging form on a Tough Book and transferred into an Access database. Assay files are received electronically from the Laboratory. All data is stored in the Cauldron database in Perth.
	Discuss any adjustment to assay data.	No assay data was adjusted.
Location of data points	*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.*	RC hole collar locations were surveyed by handheld GPS. The DD had single shot surveys approximately every 30 metres.
	Specification of the grid system used.	Grid projection is MGA94, Zone 50.
	Quality and adequacy of topographic control.	Collar pick-ups of historical drill holes does an adequate job of defining the topography.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	The RC drill holes were sited to test specific mineralised outcrops and distance between holes varied. Access to drill sites was difficult due to local terrain.
	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.	This is not considered material.

Criteria	JORC Code explanation	Commentary
	Whether sample compositing has been applied.	No compositing was applied.
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	It is considered the orientation of the drilling and sampling suitably captures the likely "structures" for each exploration domain.
	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.	This is not considered material.
Sample security	*The measures taken to ensure sample security.*	Samples were transported by company transport and commercial courier to Perth laboratory.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	Sampling and assaying techniques are industry-standard. No specific audits or reviews have been undertaken at this stage in the program.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	*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.*	The ARC drilling occurred within tenement E45/4669 of which Mercury Resources Group Pty Ltd holds a 100% controlling interest.
	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.	The tenement is in good standing with the WA DMIRS.
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	Previous workers in the area include Great Sandy Pty Ltd, Blaze International. Macarthur Minerals PLC and Southern Hemisphere Holdings Limited.
Geology	*Deposit type, geological setting and style of mineralisation.*	Pegmatite hosted lithium mineralisation within Archaean granites and gneisses of the Mt Edgar Batholith.
Drill hole Information	*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:* ▪ easting and northing of the drill hole collar ▪ elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar ▪ dip and azimuth of the hole ▪ down hole length and interception depth ▪ hole length. *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	Refer to Table 2 in the body of the announcement.
Data aggregation methods	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.*	Grades are reported as down-hole length-weighted averages of grades above approximately 0.2% Li2O. No top cuts have been applied to the reporting of the assay results. Intercepts averaging values significantly less than 0.2% Li2O were assigned the text “NSI” (No Significant Intercept).
	Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the	Higher grade intervals are included in the reported grade intervals.

Criteria	JORC Code explanation	Commentary
	procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	No metal equivalent values are used.
Relationship between mineralisation widths and intercept lengths	*These relationships are particularly important in the reporting of Exploration Results.* *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	The geometry or orientation of the mineralisation is not well established by the 2016 drilling.
Diagrams	*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.*	Refer to Figure 6 in the body of the announcement.
Balanced reporting	*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.*	No misleading results have been presented in this announcement.
Other substantive exploration data	*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.*	All relevant historical data previously reported in BLZ ASX release 2 August 2016.
Further work	*The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sesitive.*	Further exploration work is currently under consideration, the details of which will be released in due-course.

Section 3 Estimation and Reporting of Mineral Resources

Criteria	JORC Code explanation	Commentary
Database integrity	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* • *Data validation procedures used.*	• Not applicable.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• Not applicable.
Geological interpretation	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* • *Nature of the data used and of any assumptions made.* • *The effect, if any, of alternative interpretations on Mineral Resource estimation.* • *The use of geology in guiding and controlling Mineral Resource estimation.* • *The factors affecting continuity both of grade and geology.*	• Not applicable.
Dimensions	• *The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	• Not applicable.
Estimation and modelling techniques	• *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer*	• Not applicable.

Criteria	JORC Code explanation	Commentary
	software and parameters used. • *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* • *The assumptions made regarding recovery of by-products.* • *Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).* • *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* • *Any assumptions behind modelling of selective mining units.* • *Any assumptions about correlation between variables.* • *Description of how the geological interpretation was used to control the resource estimates.* • *Discussion of basis for using or not using grade cutting or capping.* • *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	
Moisture	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	• Not applicable.
Cut-off parameters	• *The basis of the adopted cut-off grade(s) or quality parameters applied.*	• Not applicable.
Mining factors or assumptions	• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for*	• Not applicable.

Criteria	JORC Code explanation	Commentary
	eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.	
Metallurgical factors or assumptions	• *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	• Not applicable.
Environmental factors or assumptions	• *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	• Not applicable.

Criteria	JORC Code explanation	Commentary
Bulk density	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* • *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.* • *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	• Not applicable.
Classification	• *The basis for the classification of the Mineral Resources into varying confidence categories.* • *Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).* • *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• Not applicable.
Audits or reviews	• *The results of any audits or reviews of Mineral Resource estimates.*	• Not applicable.
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of*	• Not applicable.

Criteria	JORC Code explanation	Commentary
	the factors that could affect the relative accuracy and confidence of the estimate. • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	