ASX Announcement

28 November 2019

HEADS OF AGREEMENT EXECUTED FOR BLACKWOOD GOLDFIELD

Highlights

- **Cauldron Energy execute a HOA to acquire a majority interest in the highly prospective Blackwood Goldfield located in Central Victoria;**
- **Vendor has spent 25 years consolidating the leases of the project area, now providing a great opportunity for systematic exploration and development over the entire goldfield;**
- **Project provides pathway to the near-term production of gold;**
- **The largely forgotten Blackwood Goldfield produced significant high-grade gold from near surface historic mining;**
- **+90% of historic gold production was won from the shallow portion of exceptionally high-grade gold in quartz reefs;**
- **great potential remaining for large tonnage high grade gold, down-plunge and along strike of workings;**
- **Exceptional prospectivity along eight extensive lines-of-lode that are open and are proven past gold producers, notably;**
    - **a) The Simmons to Sultan line-of-lode extends in excess of 4 km, historically the Simmons mine produced the greatest mass of gold;**
    - **b) The Grace Edgerton Reef contains high grade gold mineralisation with a defined Exploration Target that remains open;**
    - **c) The Yankee to Countess line-of-lode is marked by a high-density cluster of historic workings and only tested by shallow drilling;**
- **Multiple high-priority targets identified with plans prepared for immediate drilling;**
- **Existing underground infrastructure provides easy access to mineraisation and a 'head-start' on any possible production;**
- **This project complements the Bullarto South Gold Project (refer ASX announcement of 8 November 2019) and**
- **Cauldron has secured support, for a $450,000 private placement, subject to completion of successful due diligence.**

Cauldron Energy Ltd

ABN
22 102 912 783

Address
Ground Floor,
20 Kings Park Road
WEST PERTH WA 6005

PO BOX 1024
West Leederville WA 6007

ASX Code
CXU

Securities on Issue
329,289,708 shares

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

Cauldron Energy Limited (**Cauldron** or the **Company**) (ASX Code: CXU) is pleased to announce that it has formally executed a Heads of Agreement (**HOA**) to acquire EL 5479 that secures much of historic Blackwood Goldfield.

Pursuant to the terms of the HOA,

(i) Cauldron is to acquire an initial 51% interest in the Blackwood Gold Project, centered over historic Sultan Mine, lying 40km east-northeast of Ballarat in the historic Victorian goldfields;

(ii) Cauldron has the potential to increase its ownership interest to 65% by collecting sufficient geological data to report a Mineral Resource (JORC 2012) having a gold mass of at least 300,000 ounces; and

(iii) Cauldron has the potential to increase its ownership interest to 80% by making a positive decision to mine.

Cauldron continues to build a strong presence in the Victorian goldfields. The Blackwood and Bullarto South projects have significant historical exploration and mining activity supportive of the potential for large-scale gold deposits and short-term generation of cash-flow.

Cauldron has identified at least three high-priority targets, allowing the possibility for: near-term cashflow from operations at Nuggety; resource extension along line-of-lode from Simmons Reef to Sultan Reef; and resource definition drilling on the line-of-lode between Yankee to Countess gold reefs.

In addition, Cauldron is pleased to advise that it has secured support for a $450,000 private placement, that is subject to successful completion of due diligence, at a price of $0.015 per share (i.e. 1.5 cents per share) to fund initial exploration programs at its Victorian goldfields projects (**Placement**).

In addition, participants in the Placement will receive a free attaching option on a 1 for 2 basis which is exercisable at $0.03 per share (that is, 3 cents per share) and which has an expiry of 31 December 2019 (**Options**).

In total, it is proposed that 30,000,000 new shares and 15,000 Options are to be issued pursuant to the Placement; all of which are to be issued under are to be issued under the Company's 15% placement capacity (under ASX Listing Rule 7.1).

The new shares will rank equally with all existing fully paid ordinary shares on issue.

The new shares and options will be issued when the entire funds have been received.

BLACKWOOD AND BULLARTO GOLD PROJECT

Summary

The Bullarto South Gold Project and the Blackwood Gold Project (the subject of this announcement) together take up an area of 160 km^2 and secure the most significant portion of the highly prospective Blackwood Goldfield.

From 1864 to 1960 the Blackwood Goldfield produced about 218,000 ounces of gold from orogenic gold sources (199,000 ounces) and from placer sources (19,000 ounces); worth about $280 million at today's gold price. Gold was won down to a depth of 100 m below surface, with very little mining activity below a depth of 150 m. The Sultan mine is the deepest in the goldfield with production levels at 230 m below ground surface and its shaft reaching 274 m, and still in pay.

The two projects complement each other and together provide:

- a sizeable foothold in a largely forgotten but historically significant goldfield that has received only sporadic exploration since the 1920's;
- potential to fast-track mining production with near-term generation of cash flow;
- potential for significant expansion of known mineral resource;
- exceptional logistics being only 30 minutes easy drive from the outer suburbs of western Melbourne;
- well-rounded exploration portfolio with an exploration pipeline of prospects.

Cauldron has a high level of confidence in the Blackwood Gold Project, and the Bullarto Gold for the following reasons:

- the advanced nature of the exploration and mining dataset showing the real possibility for near-term production and expansion of Mineral Resource;
- existence of shallow remnant, high-grade gold mineralisation around historic underground workings abandoned due to flooding, in several areas of the licences;
- existence of gold mineralisation deeper and down-plunge from known workings around the Sultan mine;
- the vast historic dataset underpinned by historical exploration work conducted by skilled personnel; and
- the experience of the geological team assembled by Cauldron and Vendor having deep understanding of the Victorian Goldfields.

BLACKWOOD GOLD PROJECT

Overview

The Blackwood Gold Project comprises Exploration Licence (EL) 5479 covering an area of 24 km^2 located in central Victoria,40 km east-northeast of Ballarat. The Exploration Licence is granted and is in Good Standing with a licence expiry date of 23 March 2024.

The Project is centred on the Sultan Mine which historically produced a little over 73,000 ounces of gold at an average grade of 28 g/t. In addition, the project contains in excess of 250 underground workings; with the largest known producers shown in Table 1:

Table 1: Gold production various reef sources in Blackwood Goldfield

Mine	Worked Depth [m]	Ore Mined [t]	Gold Produced [oz]	Grade [g/t Au]
North Sultana	243		620	
Sultan	231	82,000	73,310	28
Sultana	61		1,530	
Mounters	134	19,070	9,910	16
Homeward Bound	20		450	
Bog Hill	62		3,180	
Annie Laurie	76		270	
Grace Edgerton	62	1,090	2,850	80
British Lion			1,100	

Note: total reported production in this table is over 93,000 ounces for the larger producers; over 190,000 ounces for field

Most mining activity on reef structures in the goldfield halted at shallow depths. Cessation of mining in many cases was not due to depletion of mineralisation but to other factors such as inability to cope with high ground water flows in the underground workings or inability to raise the capital for development work.

There are two important considerations for any drill-testing of targets in the Victorian Goldfields. The first consideration is defining drill targets having a very good understanding of structural geology and targeting the geometries that are significant. The second is to test lode structures at depths that are either above or below the geochemical depletion zone, a zone of reduced gold tenor. Attesting to the very high prospectivity in the acquired goldfield.

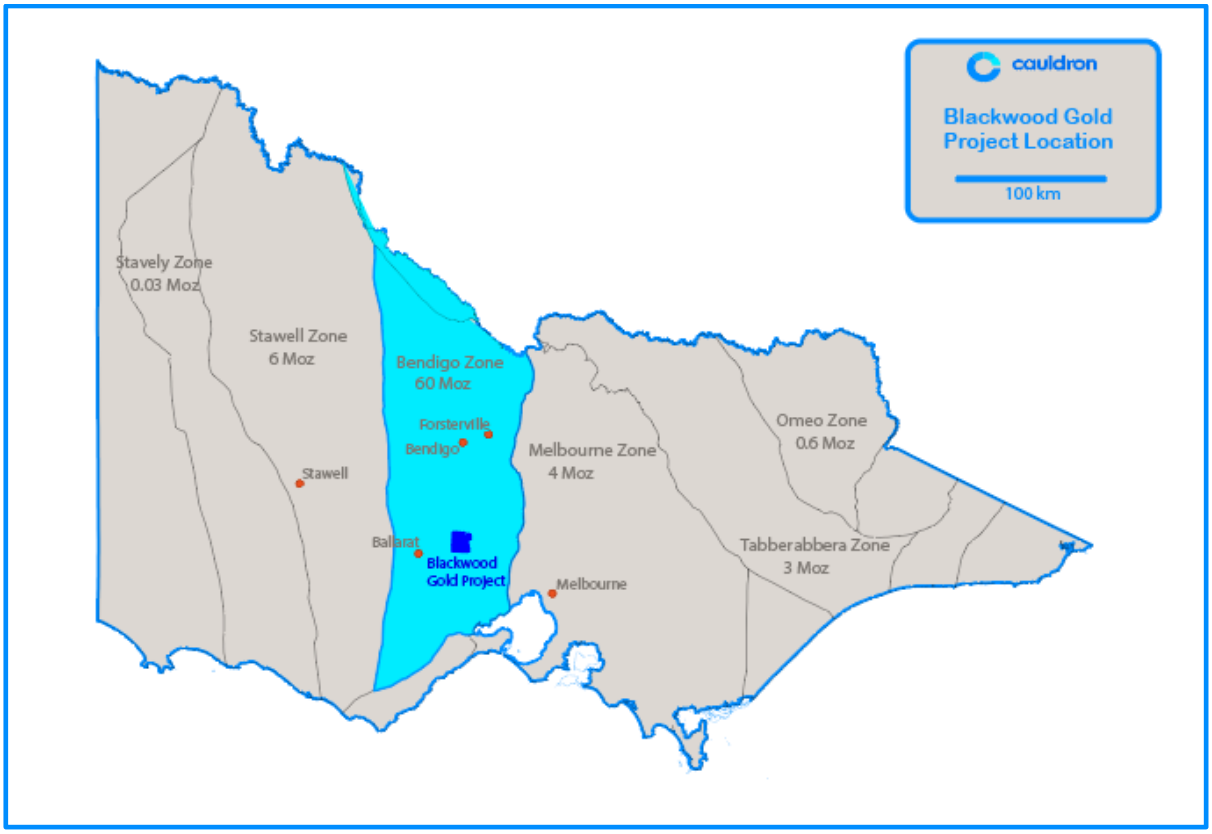

Figure 1; Blackwood Gold Project – Location Map; Victorian structural zone with historic gold production (modified after GeoVic3); Blackwood and Bullarto South tenements shown in dark blue.

Historical Exploration and Mining Activities

The discovery of gold at Red Hill (near Blackwood) in 1855, led to a rush of prospectors to the goldfields. It is reported that at the peak of mining activity, there were about 13,000 miners along the Lerderberg River and its tributaries.

Alluvial mining quickly gave way to underground hard-rock mining of gold-rich quartz reef structures. More than 90% of the gold produced from the Blackwood goldfields came from the hard rock source.

The largely forgotten Blackwood Goldfield produced significant gold (220,000 ounces pre-1890) from near surface historic mining, with great potential for large tonnage high grade gold, down-plunge and along strike of workings, most less than 100 m below surface

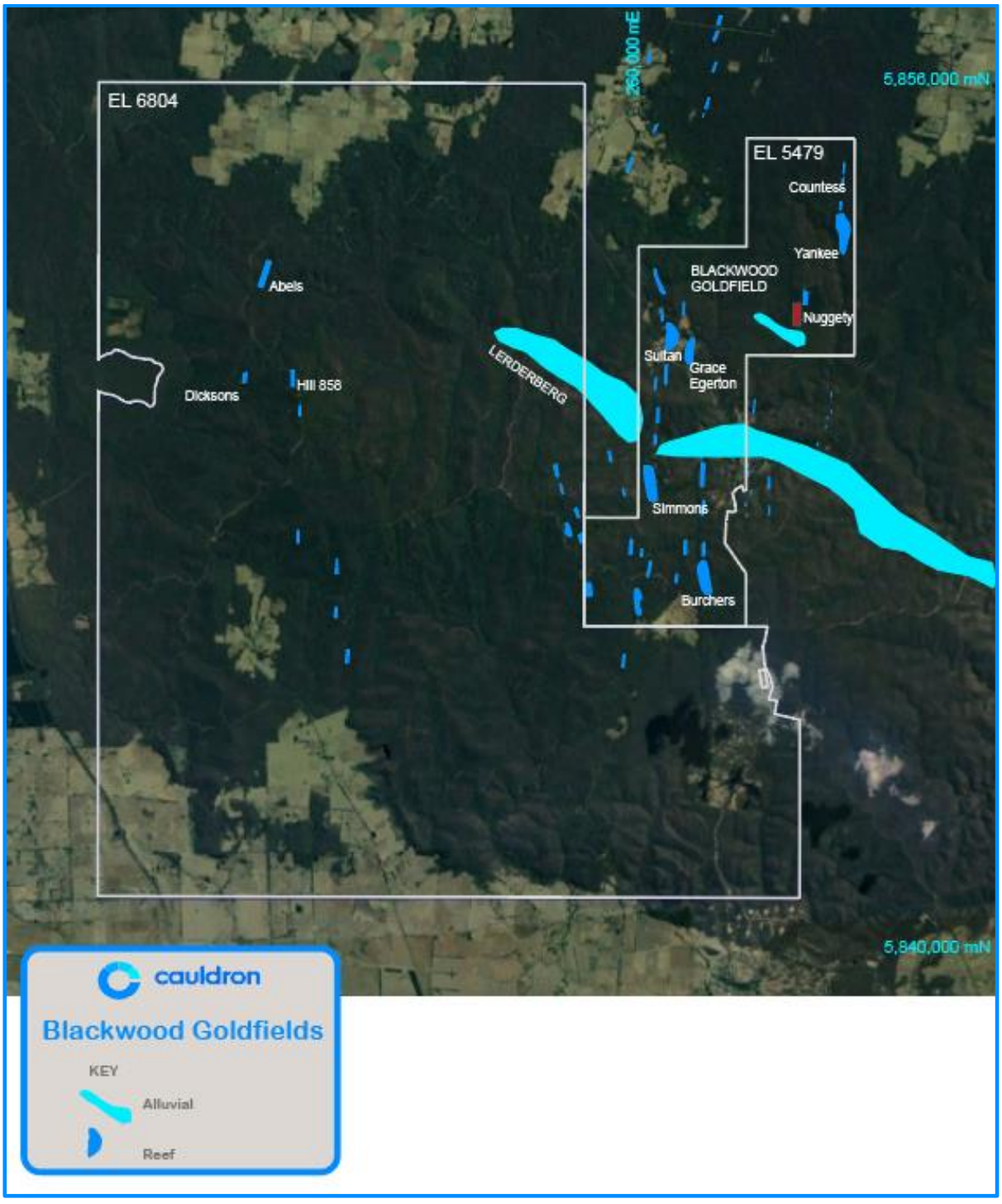

Figure 2; EL5479 Prospect location map and mines of Blackwood Goldfields; blue points show location of mine sites; dark blue denotes location of gold reefs; light blue denotes location of alluvial gold field; image from Google Earth.

There is a cluster of mines along parallel but stepped reef structures around the Sultan Mine, including Central, Mounters, Intermediate, Pioneer, Homeward Bound, Western, Edgerton, and Annie Laurie, refer Figure 2, 3 and 4. Often each of these lodes were owned and operated by different companies. The well-capitalised Sultan mine having the deepest workings effectively dewatered the workings of the adjacent mines. When pumping halted at Sultan the adjacent mines lacked the ability to keep their workings dry and ceased operations when their

mines flooded. The operations ceased because of flooding as distinct to depletion of ore reserve.

Historical exploration work in the area of the exploration licences includes mineral resource definition drilling, completion of mineral resource estimates (not compliant with JORC 2012 reporting standards), mapping and soil sampling, costeaning and drilling.

Cauldron and independent researchers associated with the vendor has completed a desktop study with preliminary fieldwork and has identified highly prospective target areas for gold mineralisation in the Project area. There is potential for near-term production of gold ore from the mining lease at Nuggety. In addition, there is strong potential for down-dip extensions to mineralisation at Sultan, Barrys Reef East and Yankee, with ability to expand the Target Range and define a Mineral Resource (JORC 2012) of considerable size. A summary of the most highly evolved prospects follows.

Tenement Prospectivity - Specific Areas

Nuggety Prospect

Nuggety Prospect is secured by mining lease, MIN 5059, and presents as an opportunity for Cauldron to achieve its commercial objective of near-term cash-flow from mining operations.

The lease covers an area of 5 hectares over the Nuggety Tunnel Mine, worked by underground mining methods, and lies to the west of Pincomb Reef zone. Mineralisation is hosted by 2 to 3 m wide laminated veined quartz containing pyrite and arsenopyrite. Quartz spurs and stockworks exist to the margins of the main quartz vein structure.

Historically, mining on the reef extended no deeper than the water table and was sufficiently economic for miners to install a battery, with the sand dumps still evident today. The main reef is 400 m long with ore averaging 13 to 14 g/t Au.

Two parallel sets of quartz structures exist outside the present underground workings, providing the possibility to significantly increase the size of known mineralisation.

Cauldron intends to drill Nuggety as it presents as a high priority target.

Barrys Reef East

A cluster of veins and underground workings collectively referred here as Barry's Reef East occurs 600 m to southeast of the Sultan Mine. A series of historic underground workings exist on Grace Edgerton, Annie Laurie and Western Lode.

Based on historic mining and drilling information, Hollis (1989) completed a mineral resource (not compliant with JORC 2012 reporting standard) over Annie Laurie, Western Leader, Grace Egerton, and Sultana Reefs. The portion of Hollis' mineral resource for Annie Laurie, Western Leader and Grace Egerton will be reported here as an Exploration Target of 240,000 t to 450,000 t @ 6.0 g/t to 10.0 g/t gold.

> Note: An Exploration Target is a statement or estimate of the exploration potential of a mineral deposit in a defined geological setting where the statement or estimate, quoted as a range of tonnes and a range of grade, relates to mineralisation for which there has been insufficient exploration to estimate a Mineral Resource. The potential quantity and grade of the Exploration Target is conceptual in nature, there has been insufficient exploration to estimate an additional Mineral Resource and it is uncertain if further exploration will result in the estimation of an additional Mineral Resource. Under Clause 17 of the JORC code, there is a reasonable basis for disclosing this as an Exploration Target because the mine has produced ore, the sampling used was taken by competent geologists, and a mineral resource was completed with the data. All the metadata for information used in historical estimates is lost in the intervening years.

The Grace Edgerton Reef adjacent to Sultan Reef contains high grade gold mineralisation that plunges to the south with a defined Exploration Target that remains open.

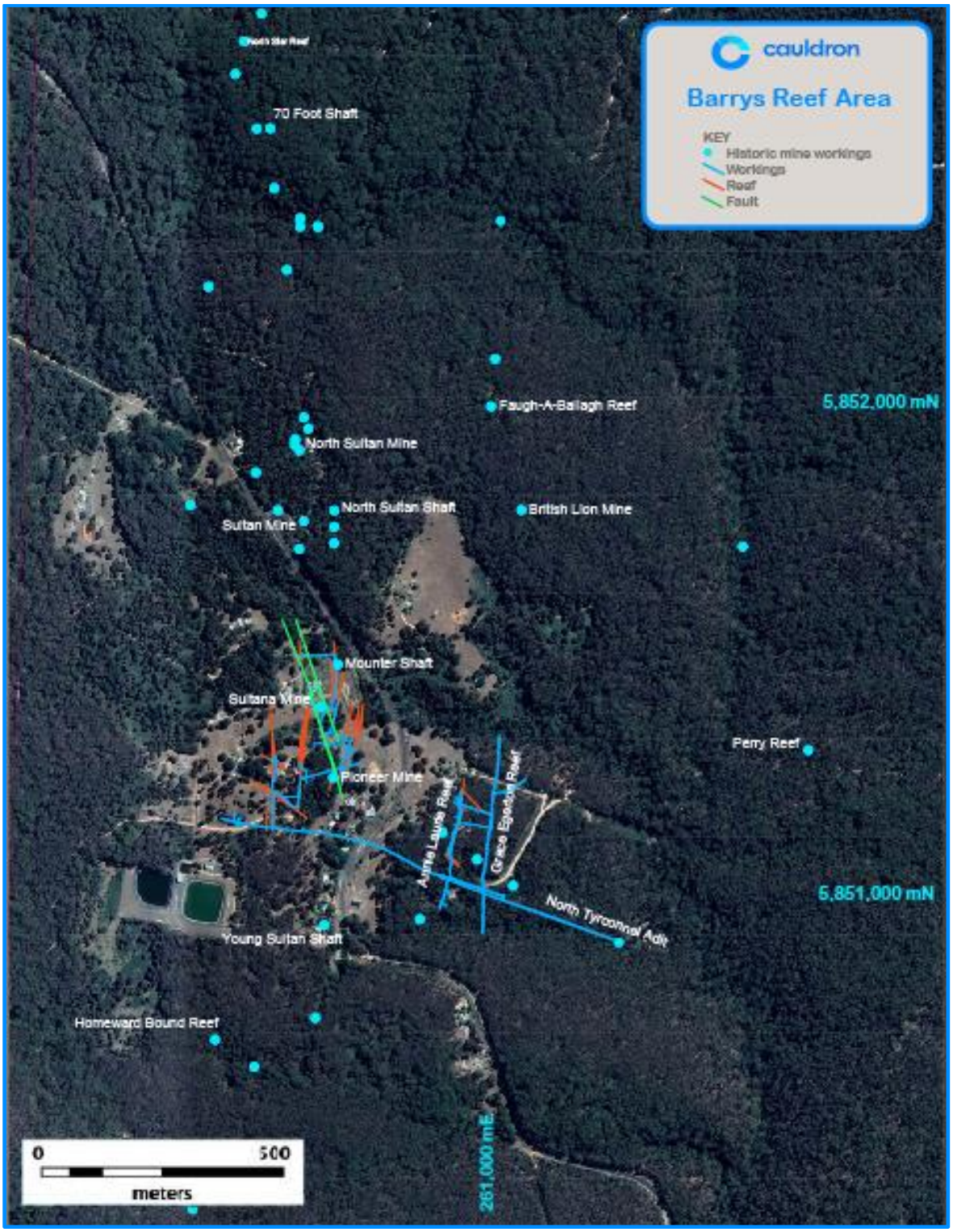

Figure 3; Barrys Reef East (Annie Laurie and Grace Egerton) and Sultan Mine.

The Barrys Reef East area is a high priority advanced exploration prospect capable of helping Cauldron achieve a commercial objective of defining a Mineral Resource (JORC 2012) containing at least 300,000 ounces of contained gold:

- the Exploration Target provides the ideal platform to drill extensions to mineralisation that remain open
- prospective for down-dip and down-plunge extensions to known mineralisation; and
- presents as an immediate drill target.

Simmons Reef to Sultan Reef Prospect

The highest concentration of underground workings in the Blackwood goldfield extend from Simmons Reef to Sultan Reef, a strike of 3.4 km, refer Figure 2. The most extensive and deepest workings in the Blackwood goldfield and in the tenement occurs at the Sultan mine. There is a cluster of about ten named mineralised veins adjacent to the Sultan Mine, refer Figure 5. The vein array is a result of structural geometries well defined by highly experienced geologist Geoff Turner.

Based on historic mining and drilling information, Hollis (1989) completed a mineral resource (not compliant with JORC 2012 reporting standard). over Annie Laurie (refer to Figure 4), Western Leader, Grace Egerton, and Sultana Reefs. The portion of Hollis' mineral resource for Sultana Reefs will be reported here as an Exploration Target of 35,000 t to 55,000 t @ 6.0 to 12.0 g/t gold.

Note: An Exploration Target is a statement or estimate of the exploration potential of a mineral deposit in a defined geological setting where the statement or estimate, quoted as a range of tonnes and a range of grade, relates to mineralisation for which there has been insufficient exploration to estimate a Mineral Resource. The potential quantity and grade of the Exploration Target is conceptual in nature, there has been insufficient exploration to estimate an additional Mineral Resource and it is uncertain if further exploration will result in the estimation of an additional Mineral Resource. Under Clause 17 of the JORC code, there is a reasonable basis for disclosing this as an Exploration Target because the mine has produced ore, the sampling used was taken by competent geologists, and a mineral resource was completed with the data. All the metadata for information used in historical estimates is lost in the intervening years.

The line of strike between Sultan Reef to Simmons Reef has considerable length of 3.3 km and is shown to dotted with numerous workings and historic mining activity, refer to Figure 2.

The Simmons to Sultan Reef area is a high priority advanced exploration prospect capable of helping Cauldron achieve a commercial objective of defining a Mineral Resource (JORC 2012) containing at least 300,000 ounces of contained gold:

- the Exploration Target provides the ideal platform to drill extensions to mineralisation that remain open;
- prospective for down-dip and down-plunge extensions to known mineralisation;
- considerable strike length of highly prospective line-of-lode style quartz structures; and
- presents as an immediate drill target.

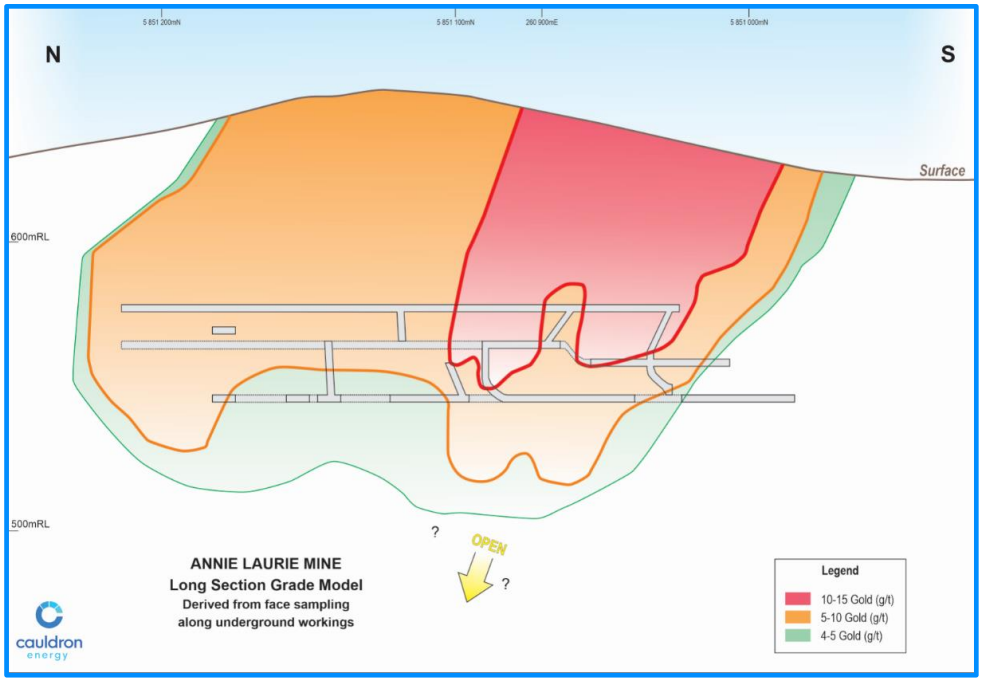

Figure 4; Annie Laurie long section; grade model derived from face sampling underground workings.

Figure 5; Sultan Mine Area – Plan view of mineralised vein structures and underground workings (Turner 2019).

Yankee Prospect

The Yankee Creek workings are situated 4 km northeast of Blackwood. The Yankee Creek workings include the Yankee Shaft, the Trojan Shaft and the Victoria United Adit. Further north along the same structural line are the Big Reef and Countess workings.

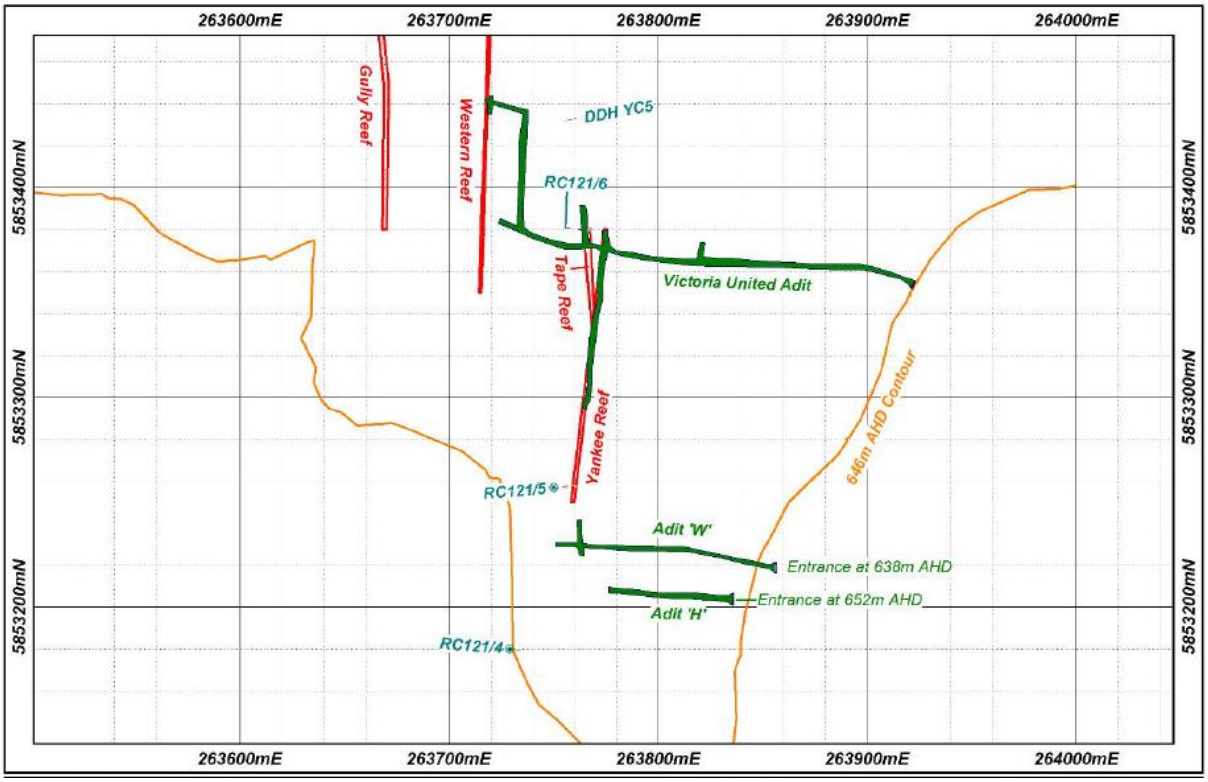

Figure 6; Yankee Reef Area – Plan view of mineralised vein structures and underground workings (Turner 2019).

Drilling completed by Carpentaria Exploration, NORD Resources and Dome Resources returned some very interesting results. Reverse circulation drilling from 36 intersections returned greater than 2.1 g/t gold assay. The drilling over a strike length of 3.1 km. There is considerable opportunity to delineate a series of shallow gold deposits of up to 1 km in length.

In addition, the workings have never been drill tested at depth, with the deepest intersection of 1.5 m @ 4.6 g/t Au at 140 m depth returned from DDH YC6 drilled by Carpentaria at Yankee.

The Yankee to Countess line-of-lode is only tested by shallow historic drilling that probably intersected the geochemically gold depleted zone; slightly deeper drilling is targeted to hit higher grade gold mineralisation typical of the upper zones

The Yankee Reef area is a high priority advanced exploration prospect capable of helping Cauldron achieve a commercial objective of defining a Mineral Resource (JORC 2012) containing at least 300,000 ounces of contained gold:

- the mapped workings and previous drilling provide high quality drill targets
- prospective for down-dip and down-plunge extensions to known mineralisation;
- considerable strike length of highly prospective line-of-lode style quartz structures; and

Geology and Mineralisation

The “Golden Triangle”, a colloquial term for a highly productive central portion the Victorian gold province, contains the Bendigo (>22.4 million ounces of gold production), Ballarat (>13.1 million ounces of gold production), Castlemaine (>4.2 million ounces of gold production) and Stawell goldfields (>2.6 million ounces of gold production). The Blackwood Gold Project and the Bullarto Gold Project is located in the highly prospective Golden Triangle.

The central portion of the Victorian gold province, one of the world’s most productive and until recently, largely forgotten gold producing areas, accounting for more than 2% of world gold production and 30% of Australian gold production since 1850.

The geology of Victoria is split into twelve distinct zones, each having a distinct stratigraphic, structural and lithological style. Of these zones, the Ballarat (mustard colours), Melbourne (blue colours) and Stawell zones (mauve colours) are historically the most productive for gold (refer to Figure 7).

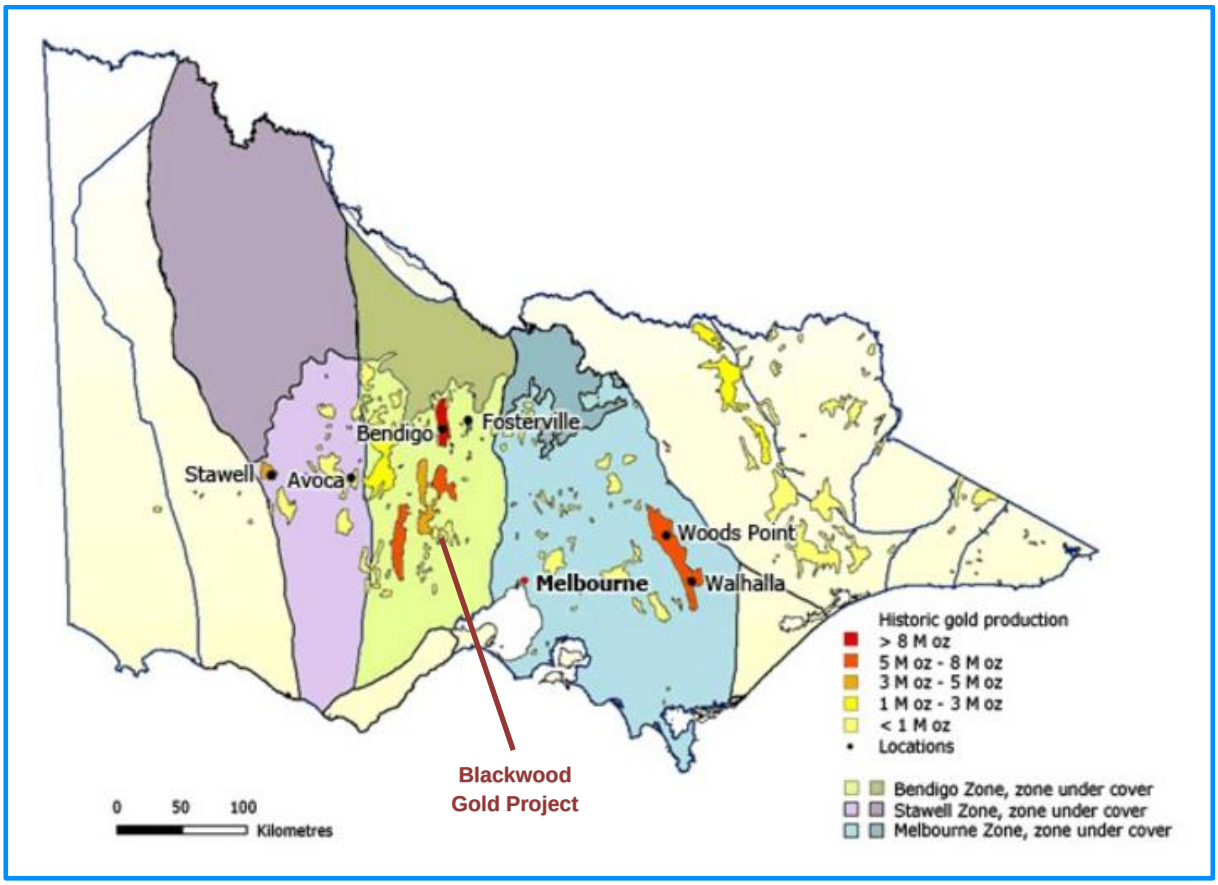

Figure 7; Victorian geological zones with goldfield coloured by production (GeoVic3)

Gold mineralisation is associated with quartz hosted by tightly folded monotonous fine-grained sedimentary rock sequences (interbedded sandstone and siltstone becoming slate). The folds have upright geometry with trends that are oriented north-south. As folding developed the sequence ‘locked-up’ causing differential tension in the deforming and shortening rock sequence. Faulting released the built-up stresses leading the development of zones of weakness having some specific geometry relative to the north-south trending folds. Of the range of fault sets that develop on this ‘locking up’ folded geometry, the high angle reverse fault has a major influence on the development of mineralisation.

The combination of folding and faulting of certain geometry allowed dilational openings which localised the deposition of quartz, gold and minor sulphide mineralisation (refer to Figure 8). This process occurred over the regional area causing much of the lode-style mineralisation now known in the Victoria gold province.

Three-dimensional modelling of the Barrys Reef workings (Turner 2019) including the eastern reefs of Annie Laurie and Grace Egerton, as well as the Sultana-Mounters group leads to the following conclusions:

1. Gold-quartz structures are formed by interaction of faults that are sub-parallel to bedding, but when encountering a change in bedding orientation will refract with possible dilation.

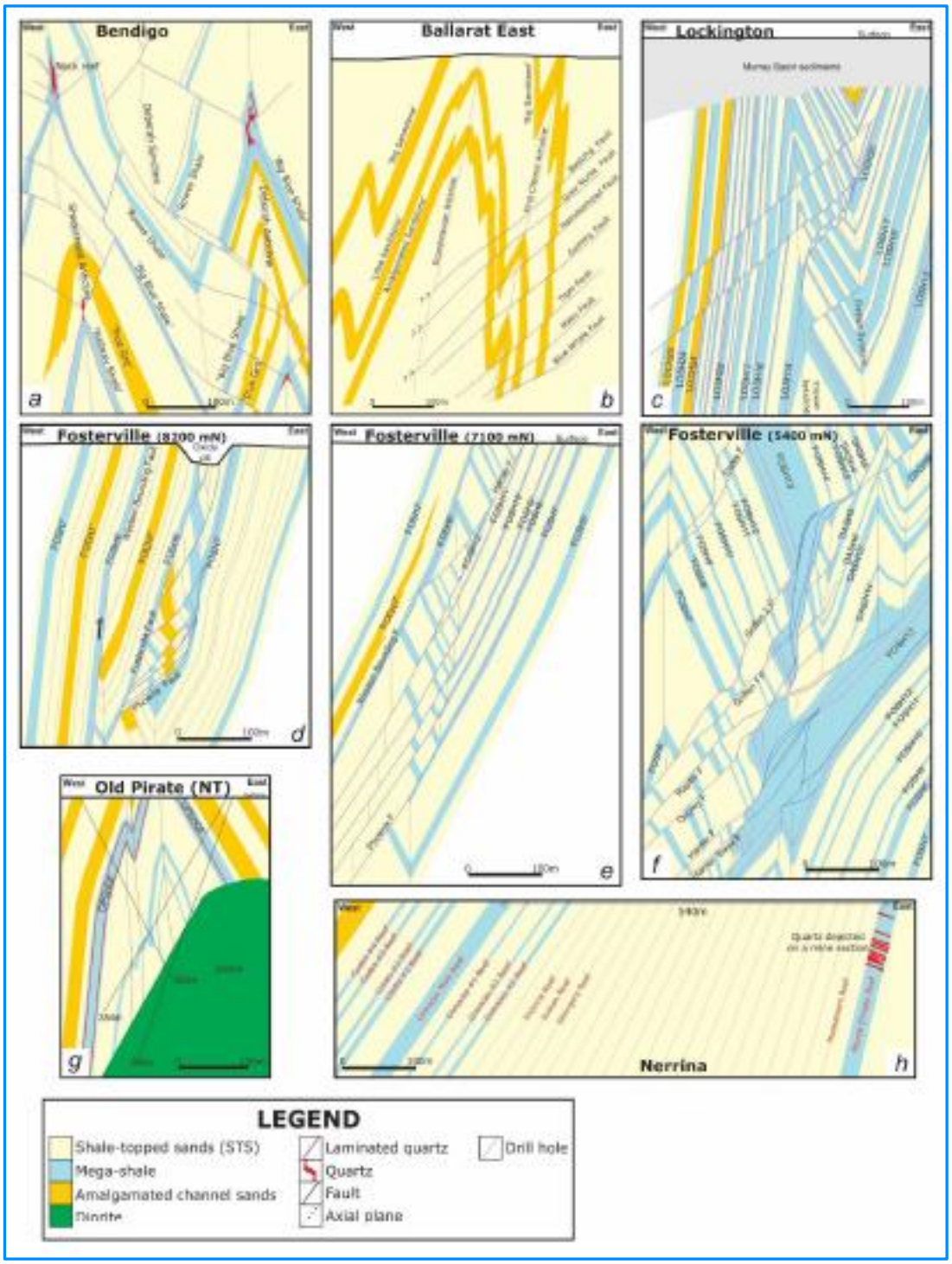

Figure 8; Typical fault intersections with folded sediments in Victoria (Boucher 2017)

2. Mineralised shoots may be controlled by the intersection of faults with bedding, some high-angle reverse faults refract as they pass through changes in competency of host rocks.
3. Reef structures are not always associated with anticlines or synclines.
4. Gold shoots plunge towards the south and dip towards the west; the vertical historic shafts markedly diverged from the shoots with increasing depth and quickly undershot the lode.

These learnings will be used in drill targeting lode structures after compiling underground mapping data and assays.

Victorian Goldfields - History

Gold was first discovered in Australia in July of 1851 at Clunes by James Esmond on a grazing property located approximately 30 km north of Ballarat. The gold on the property, which would later become known as the Port Phillip mine, became one of the most famous deep lead gold mines in the world at the time, and yielded over 520,000 ounces of gold.

The discovery spurred the Victorian gold rush and resulted in several major goldfields (districts) being identified in Victoria including Ballarat, Bendigo and Castlemaine. It is reported that an estimated 80 million ounces of gold was mined from the Victorian goldfields in the period 1851 to 1900; with twelve Victorian goldfields producing at least one million ounces of gold each. The discovery of Kalgoorlie in the 1890's started the investment decline in the Victorian colony for gold mining, by 1915 most of the major fields had substantially closed.

Although the 1980's saw the greatest gold boom of the 20th century, the Victorian gold province was relatively little explored during this time, with less than 2% of Australia's exploration expenditure spent in Victoria, despite it having produced more than 30% of Australia's gold. Several factors were considered to have contributed to the poor state of gold mining in Victoria: perception of deposit type and size, perception of remaining potential, loss of mining culture, environmental considerations, and level of government support.

Since the 1980's exploration activity in the Victorian goldfields has significantly lagged activity at Australia's other premier gold districts: Yilgarn Craton in Western Australia (with major Archean greenstone-hosted deposits such as Kalgoorlie, Granny Smith and Boddington), South Australia's Gawler Craton (host to Olympic Dam and Prominent Hill mines), Central Lachlan Oregon of New South Wales (host to Cadia and Northparkes), Tanami Province of Northern Territory (host to Tanami) and the Thompson Orogen of Queensland (host to Mount Leyshon, Kidston, Mount Elliott and Charters Towers mines).

However, in recent years, significant interest has returned to the Victorian goldfields largely as a result of the recent transformation of the Fosterville Mine and thanks to the discovery of extremely large and high-grade extensions deep underground. Its converted Fosterville from a modest-scale operation of less than 100,000 ounces of gold per annum to be the world's richest mine and one of Australia's top five gold producers with a targeted production of between 570,000 and 610,000 ounces for the 2020 financial year.

The success of Kirkland Gold at Fosterville (75 km north of Project), and more recently by Catalyst Metals at its North Bendigo Project and Stavely Minerals at its Ararat Project in Western Victoria has led to a renaissance in the Victorian goldfields.

Figure 9; Simmons Reef, Mount Blackwood (portrait by Elizabeth Shepherd circa 1850's)

Initial Work Planned

Cauldron plans to compile all historic exploration data, including drilling, geological mapping and sampling and define drill targets at Barrys Reef (Sultan, Central, Mounters, Intermediate, Pioneer, Annie Laurie, Grace Egerton, Simmons), Yankee, Countess and Nuggety.

Following this initial work, and assuming the initial work is favourable, Cauldron aims to move quickly to drilling and resource definition work, with the objective of progressing to the second stage of the acquisition by passing the performance hurdle, as soon as possible thereafter.

Joint Venture with Vendor

Under the HOA, Cauldron will establish a joint venture with Blackwood Gold Mines Pty Ltd (**Vendor**), which is 100% legal and beneficial owner of Exploration Licence EL 5479.

Acquisition Terms

Under the terms of the (HOA), the acquisition is subject to completion of due diligence, shareholder approval (if required), and regulatory approval,

To acquire a 51% interest in the Blackwood Gold Project, Cauldron must issue to the Vendor 17,000,000 Cauldron shares and 10,000,000 options having an exercise price of $0.03 with an expiry of two years, and subject to exercise of vendor options a further 6,000,000 piggy-back options having a strike-price of $0.05 with an expiry of three years.

Cauldron can earn an additional 14% of the Blackwood Gold Project, to increase its cumulative project ownership to 65%, on achievement of an Exploration Hurdle, defined by collecting sufficient geological data to report a Mineral Resource (JORC 2012) having a gold mass of at least 300,000 ounces. On achievement of the Exploration Hurdle, Cauldron will issue the

Vendor 1,100,000 options each with an exercise price of $0.13; which will expire two years after achievement of the Exploration Hurdle.

Cauldron can earn an additional 15% of the Blackwood Gold Project, to increase its cumulative project ownership to 80%, by achieving a Mining Hurdle, defined as collecting sufficient geological and mining economic data to support a positive decision to mine.

The Vendor will have a free-carried interest up to Decision to Mine (DTM). Following any DTM the Vendor is required to contribute to the development cost of building plant or commencing production needed for mining and milling activity in proportion to its equity share; the Vendor Development Cost. If the Vendor has not contributed to those Vendor Development Costs, the cost value of Mining Payback is the Vendor Development Cost times 1.5, and Mining Payback may or may not be achieved.

While Mining Payback is not achieved:

- the Purchaser may recover the Vendor Development Cost times 1.5 from any operating profit as it the Purchaser is 100% owner of the Joint Venture, until such time as the Vendor Development Cost times 1.5 is recovered
- Mining Payback is achieved when the Purchaser has recovered the Vendor Development Cost times 1.5.

If Mining Payback is achieved:

- any operating profits or losses are distributed between Vendor and Purchaser in proportion to their respective equity ownership in the Joint Venture;
- the Vendor may elect to convert its interest in the joint venture to a royalty payment, being a 0.5% net smelter return (NSR

End

For further information,

visit **www.cauldronenergy.com.au** or contact:

Jess Oram

Cauldron Energy Limited

Ph: +61 (0) 448 110 009

Disclosure Statements

Competent Person Statement

The information in this report that relates to the Exploration Target for the Annie Laurie, Western Leader, Grace Egerton and Sultana Reefs is based on information compiled by Mr Jess Oram, a Competent Person who is a Member of the Australasian Institute of Geoscientists. Mr Oram is the Executive Director of Cauldron Energy.

Mr Oram has sufficient experience that is relevant to the style of mineralisation, 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 Resource and Ore Reserves (JORC Code 2012). Mr Oram consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

Forward looking statements

Information included in this release constitutes forward-looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “continue”, and “guidance”, or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licences and permits and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory framework within which the company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the Company and its management’s good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the Company’s business and operations in the future. The Company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the Company’s business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the Company or management or beyond the Company’s control.

Although the Company attempts and has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of the Company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based

APPENDIX 2 – JORC Code, 2012 Edition – Table 1 Report

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	*> Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.* *> Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* *> 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 (e.g. '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 (e.g. submarine nodules) may warrant disclosure of detailed information.*	The sampling techniques used to derive the Exploration Target Range is underground face sampling, no drilling is used. The Exploration Target range was cited from confidential report written by Julian Hollis (1989) using fledgling guidelines of the AusIMM and confidence of resource for Annie Laurie, Western Leader, Grace Egerton, and Sultana Reefs
Drilling techniques	*> Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. 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.).*	No drilling used in estimation of Target Range; all information taken from underground sampling of adits. This information was used to derive a mineral resource in 1989.
Drill sample recovery	*> Method of recording and assessing core and chip sample recoveries and results assessed.* *> Measures taken to maximise sample recovery and ensure representative nature of the samples.* *> 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.*	The Exploration Target range was cited from confidential report written by Julian Hollis (1989) using fledgling guidelines of the AusIMM and confidence of resource for Annie Laurie, Western Leader, Grace Egerton, and Sultana Reefs Drilling was not completed to derive sample. Sampling came from underground face sampling of adits.
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.* *> Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.* *> The total length and percentage of the relevant intersections logged.*	The Exploration Target range was cited from confidential report written by Julian Hollis (1989) using fledgling guidelines of the AusIMM and confidence of resource for Annie Laurie, Western Leader, Grace Egerton, and Sultana Reefs. Drilling was not completed to derive sample. Sampling came from underground face sampling of adits. Adits were mapped and location surveyed.

Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Verification of sampling and assaying	*> The verification of significant intersections by either independent or alternative company personnel.* *> The use of twinned holes.* *> Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* *> Discuss any adjustment to assay data.*	The Exploration Target range was cited from confidential report written by Julian Hollis (1989) using fledgling guidelines of the AusIMM and confidence of resource for Annie Laurie, Western Leader, Grace Egerton, and Sultana Reefs There is no verification of the sampling and assaying, The information is lost. .
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.* *> Specification of the grid system used.* *> Quality and adequacy of topographic control.*	The Exploration Target range was cited from confidential report written by Julian Hollis (1989) using fledgling guidelines of the AusIMM and confidence of resource for Annie Laurie, Western Leader, Grace Egerton, and Sultana Reefs The sampling was projected onto surveyed mine workings, for which the datum became the collar of a shaft or portal of adit .
Data spacing and distribution	*> Data spacing for reporting of Exploration Results.* *> 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.* *> Whether sample compositing has been applied.*	The Exploration Target range was cited from confidential report written by Julian Hollis (1989) using fledgling guidelines of the AusIMM and confidence of resource for Annie Laurie, Western Leader, Grace Egerton, and Sultana Reefs The spacing of the face sampling on cross section appears reasonable for the variation in assay grade but is only completed in areas where the adits were opened and accessible
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.* *> 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.*	The Exploration Target range was cited from confidential report written by Julian Hollis (1989) using fledgling guidelines of the AusIMM and confidence of resource for Annie Laurie, Western Leader, Grace Egerton, and Sultana Reefs The sampling is restricted to the location of the underground workings, no sampling from drilling has been completed
Sample security	*> The measures taken to ensure sample security.*	The Exploration Target range was cited from confidential report written by Julian Hollis (1989) using fledgling guidelines of the AusIMM and confidence of resource for Annie Laurie, Western Leader, Grace Egerton, and Sultana Reefs Sample security is not known
Audits or reviews	*> The results of any audits or reviews of sampling techniques and data.*	No audits completed on the data, information cited directly from annual reports.

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 security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	EL 5479 is granted with nearly four years of tenure remaining, and is subject to acquisition by CXU subject to results of due diligence
Exploration done by other parties	> *Acknowledgment and appraisal of exploration by other parties.*	All work cited in this report has been completed by other parties, particularly mine records
Geology	> *Deposit type, geological setting and style of mineralisation.*	Summarily described in the body of this report
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.*	The Exploration Target range was cited from confidential report written by Julian Hollis (1989) using fledgling guidelines of the AusIMM and confidence of resource for Annie Laurie, Western Leader, Grace Egerton, and Sultana Reefs The drilling summary is not completed
Data aggregation methods	> *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.* > *Where aggregate intercepts incorporate short lengths of high-grade results and longer lengths of low grade results, the 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.*	The Exploration Target range was cited from confidential report written by Julian Hollis (1989) using fledgling guidelines of the AusIMM and confidence of resource for Annie Laurie, Western Leader, Grace Egerton, and Sultana Reefs Data aggregation methods is not yet known
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 (e.g. 'down hole length, true width not known').*	The Exploration Target range was cited from confidential report written by Julian Hollis (1989) using fledgling guidelines of the AusIMM and confidence of resource for Annie Laurie, Western Leader, Grace Egerton, and Sultana Reefs Sectional estimations of volume were completed which inherently take into account geometry of mineralisation relative to sample location,

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.	No diagrams have been shown, There is no intention to define the historic mineral resource as anything but a conceptual target useful for informing early stage drill planning
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.*	The reporting of information here is not balanced because the purpose of the report is to show possibility and define the basis for exploration priority. Balanced reporting will be completed when CXU conducts its own data collection processes.
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.*	Much data exists in the public domain, it has not yet been completely reviewed
Further work	> *The nature and scale of planned further work (e.g. 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 sensitive.*	Further work: • completion of much more comprehensive literature study • collation of al information • drilling of appropriately planned advanced targets at Barrys Reef, Simmons, Yankee and Nuggety • mapping and soil sampling in other areas • geophysical orientation at prospects • geophysical data collection to derive further drill targets