

ASX Announcement

2 August 2022

High Grade Gold Intersected at Blackwood

Highlights

- High grade gold intersected at Blackwood Gold Project
- Assay highlights:
 - BKD014: 0.60m @ 20.1 g/t Au from 20.80m
 - BKD011: 0.35m @ 1.06 g/t Au from 19.50m
- Ongoing drilling to understand the distribution of high-grade gold in plunging shoots before a larger scale exploration program to demonstrate the potential of the Blackwood Gold Field

Blackwood Gold Project

Cauldron Energy Limited (**Cauldron** or the **Company**) (ASX: CXU) is pleased to report the intersection of high-grade gold in its current diamond drill program at the Blackwood Gold Project in Victoria (Figure 1).

The gold lodes are contained in a westerly dipping geological sequence, with south plunging gold-bearing shoots developed as a result of structural deformation and subsequent injection of gold into structurally-related dilution zones. Drilling is targeting the Annie Laurie reef using underground drill access from the Tyrconnel Adit. The Annie Laurie reef is part of the Eastern Reefs system, with the potentially larger Western Reefs system still to be explored (Figure 1).

Cauldron's Executive Director, Simon Youds, said, *"We are excited about finally being able to demonstrate the high-grade potential at Blackwood, and the result is recognition of the effort of our small, but dedicated team who have persevered through a number of operational challenges"*.

"This drilling program is the first step in understanding the department of gold in the high-grade plunging gold shoots at Blackwood, which will then inform our exploration model and strategy going forward to prove up the true size potential of this goldfield".

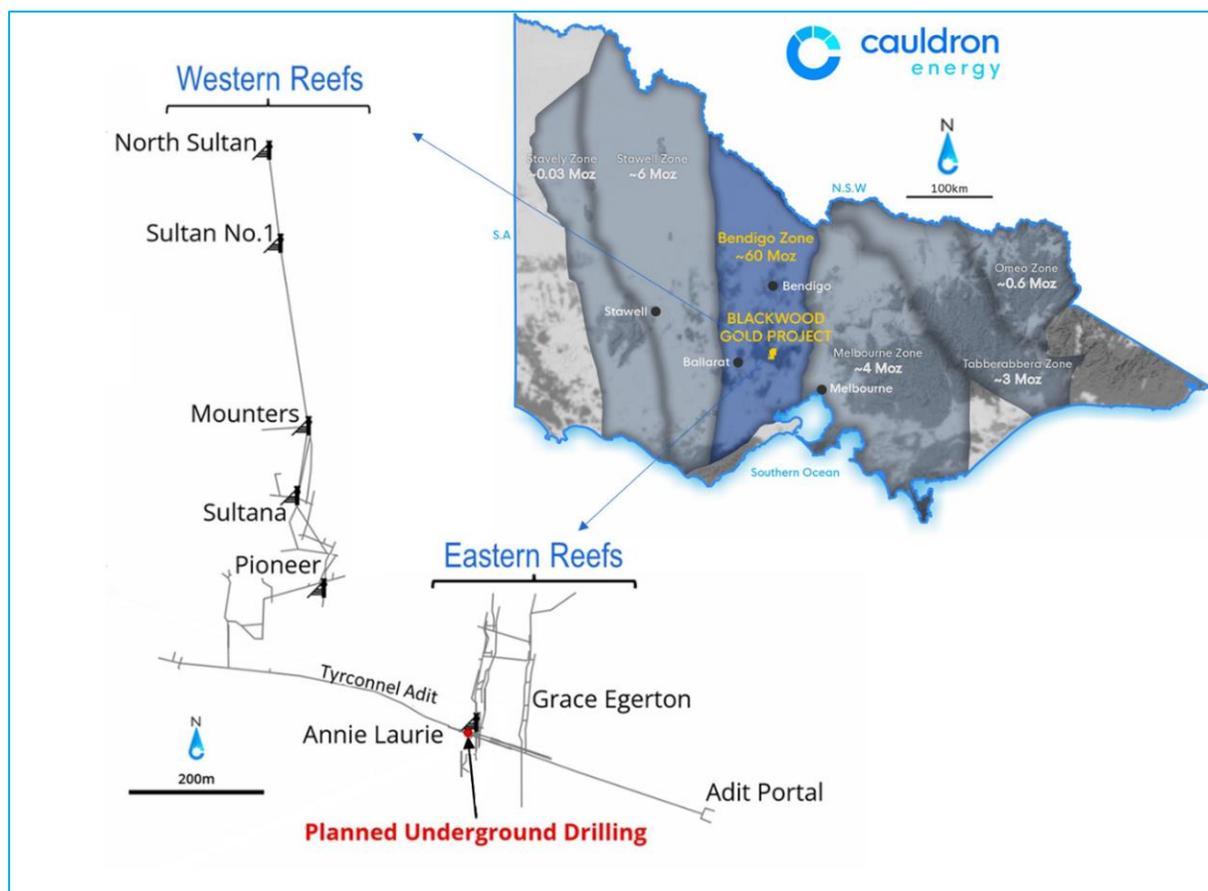


Figure 1: Blackwood Gold Project and Planned Drilling Location Map

Annie Laurie Gold Target

The drilling program at Annie Laurie is designed to aid understanding of the nuggety and narrow-vein nature of gold in these types of gold lode systems, which is critical for future resource definition.

Accessible from the 800m long Tyrconnel Adit, the Annie Laurie lode is the first to be drill tested by Cauldron. Previous underground sampling of the old workings had identified high grade intervals along the old levels and inter-level rises, which has guided Cauldron's interpretation of potentially high-grade plunging shoots.

After establishing underground access and sourcing a suitable drilling rig, early challenges were encountered with poor core recoveries, labour shortages (due to COVID) and holes not being able to reach the target. After some perseverance, and using various drilling additives, core recoveries have been improved to 95-100% giving the Company the confidence to continue with the drilling program.

Initial holes either did not reach the intended target or intersected marginal low-grade positions on the high-grade gold shoots (i.e., holes BKD001-BKD010) (Figure 2).

Hole BKD011 intersected a rise that connects the sub-level workings with the Tyrconnel Adit. Its location was not precisely known before. Drilling was able to continue through the rise and intersected low-grade gold mineralisation on the footwall side, 0.35m @ 1.06 g/t Au.

Hole BKD012 intersected the target but missed the high-grade gold shoot. Holes BKD013 to BKD015 appear to have intersected the quartz-bearing high-grade gold shoot. Samples from BKD013 and BKD015 are at the Bureau Veritas laboratory and assay results are pending.

Results from hole BKD014 are:

0.6m @ 20.1 g/t Au from 20.8 – 21.4m downhole

The mineralisation is hosted by broken quartz veining (which caused early drill recovery problems) within a structurally complex sequence of folded sandstones, siltstones and graphitic shales (Figure 3). Sulphides (mainly pyrite) are often enriched in and around the gold lodes. The hole BKD014 intercept is situated 70m below surface. Drilling is continuing with BKD016 currently in progress.

The Company wishes to acknowledge Bureau Veritas, who have turned around gold assays in a very short time to enable the Company to react to results and plan drilling accordingly.

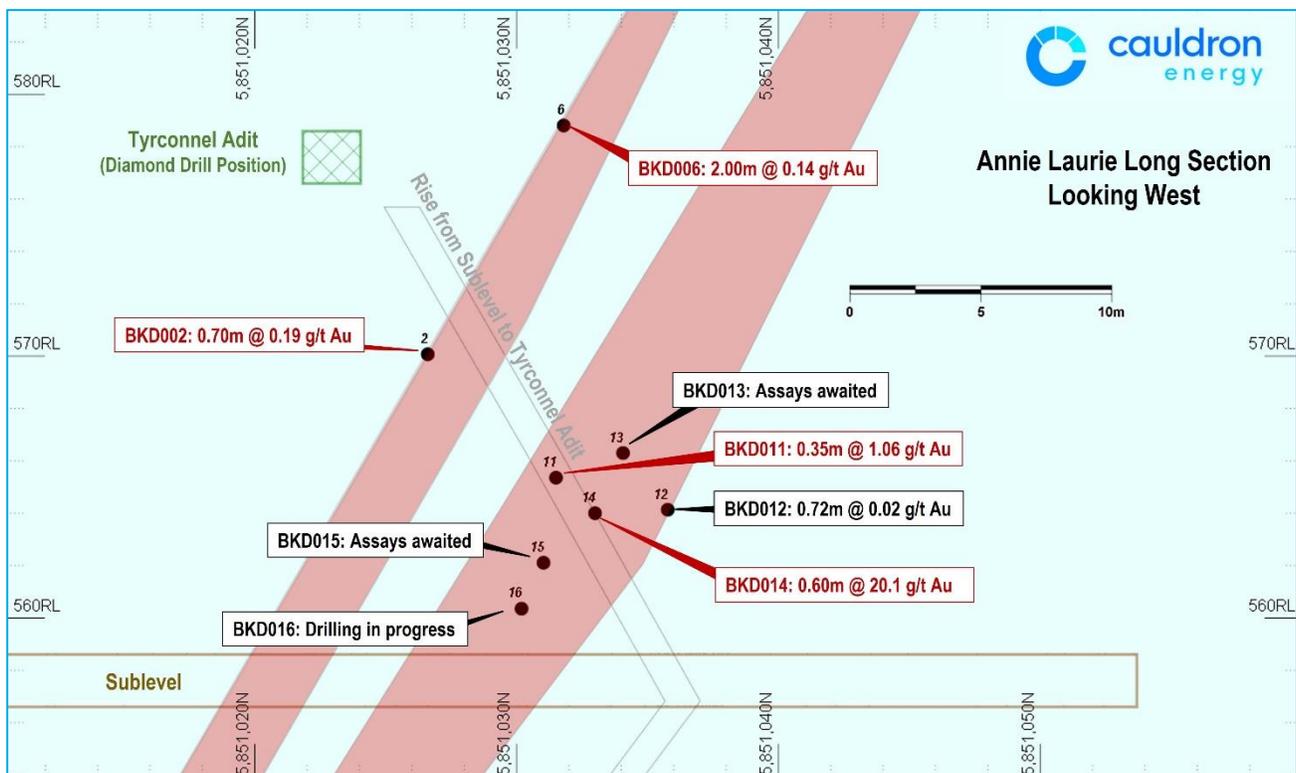


Figure 2: Long Section View of the Annie Laurie Reef and Interpreted High-Grade Ore Shoots, based on High-Grade Historical Face Sampling



Figure 3: Diamond drillhole BKD014 High Grade Quartz Hosted Gold Intercept Outlined (20.8 – 21.4m, 0.6m @ 20.1 g/t Au)

Cauldron’s ongoing program of drilling at Blackwood will aim to expand and demonstrate the full potential of the goldfield over time, with the drill campaign at the Eastern Reefs being just the first step of the work program.

Historic production at Blackwood was undertaken from a number of shafts with extensive underground workings limited to above the water table in most areas (Figure 4). Therefore, the potential for defining a multi-million ounce gold endowment at Blackwood is very good.

ENDS

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

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Competent Persons Statement:

The information in this report that relates to Exploration Targets and Exploration Results is based on information compiled by Ms Asha Rao, Exploration Manager of Cauldron Energy Limited. Ms Rao is a Competent Person who is a Member of both the AusIMM and the Australasian Institute of Geoscientists (AIG). Ms Rao 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 JORC 2012 edition of the “Australasian Code for Reporting of Mineral Resources and Ore Reserves”. Ms Rao consents to the inclusion in this report of the matters based on this information in the form and context in which they appear.

PLAN + SECTION - BARRYS REEF UNDERGROUND

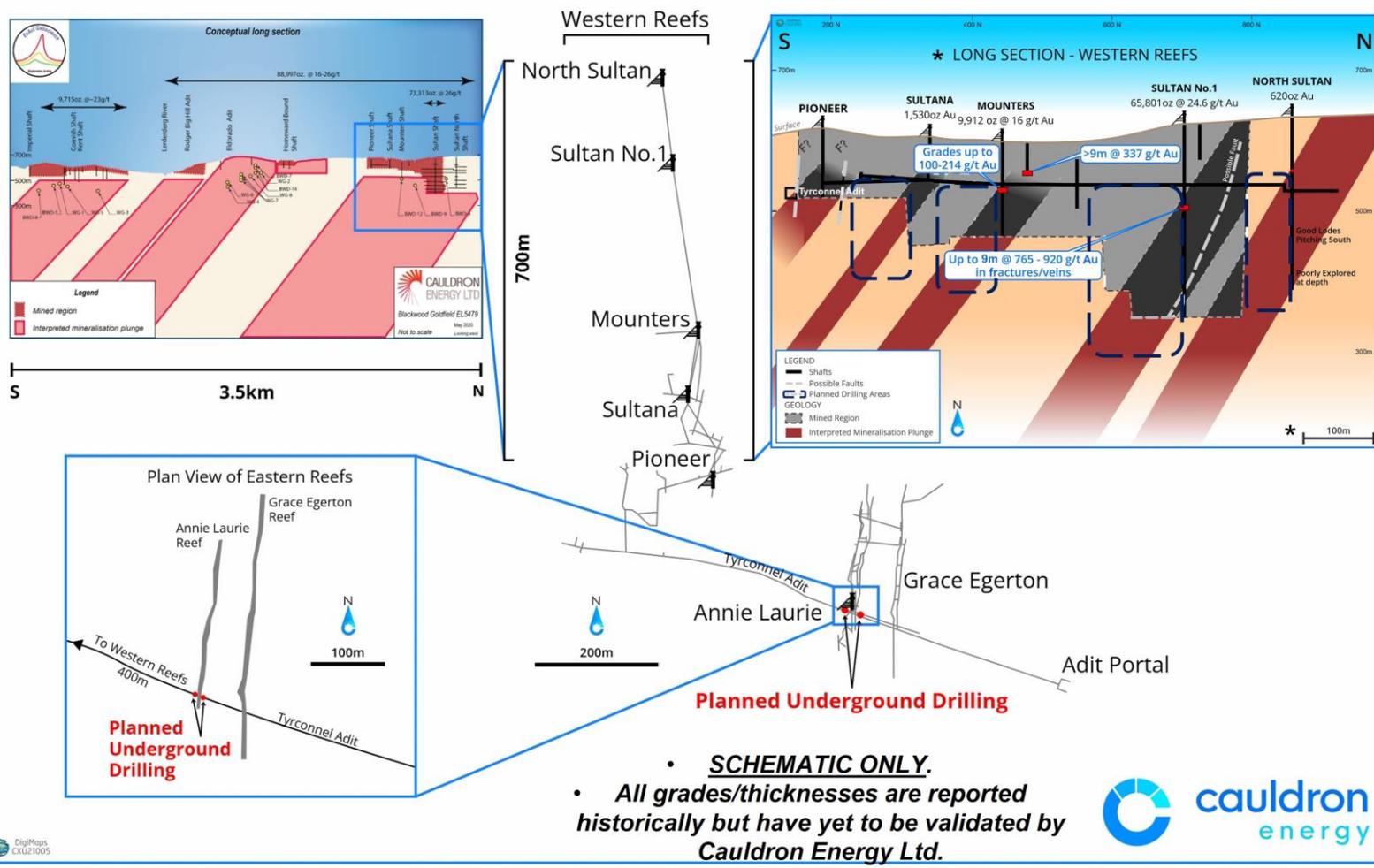


Figure 4: Barry's Reef (Blackwood) Underground Workings – Western Reef System

APPENDIX 1
Table 1: Blackwood Gold Project – Diamond Drilling Intercepts* BKD001 – 16

| HOLE | East_MGA | North_MGA | RL | End of Hole Depth (m) | Azimuth (°) | Dip (°) | Intercept | | Intercept Width (m) | Intercept Description | Comment |
|--------|----------|-----------|-----|-----------------------|-------------|---------|----------------------|--------------|---------------------|------------------------------------|--|
| | | | | | | | Depth From (m) | Depth To (m) | | | |
| BKD001 | 260911 | 5851016 | 578 | 15.40 | 303 | -26 | - | - | - | - | Did not intersect intended target reef. |
| BKD002 | 260910 | 5851016 | 577 | 20.35 | 307 | -22 | 14.60 | 15.30 | 0.70 | 0.70m @ 0.19 g/t Au | Intersected the edge of a lower grade, shallower, reef. |
| BKD003 | 260906 | 5851017 | 578 | 9.00 | 320 | -25 | - | - | - | - | Did not intersect intended target reef. |
| BKD004 | 260907 | 5851017 | 578 | 5.30 | 325 | -40 | - | - | - | - | Did not intersect intended target reef. |
| BKD005 | 260906 | 5851017 | 578 | 17.70 | 320 | -35 | 13.70 | 15.70 | 2.00 | 2.00m @ 0.67 g/t Au | Did not intersect intended target reef, but intersected mineralisation at shallower depth. |
| BKD006 | 260884 | 5851024 | 579 | 24.80 | 58 | -2 | 22.00 | 24.00 | 2.00 | 2.00m @ 0.14 g/t Au | Intersected the edge of a lower grade, shallower, reef and Annie Laurie drive. |
| BKD007 | 260884 | 5851024 | 579 | 25.25 | 50 | -20 | 21.55 | 22.55 | 1.00 | 1.00m @ 0.69 g/t Au | Did not intersect intended target reef, but intersected mineralisation at shallower depth. |
| BKD008 | 260884 | 5851024 | 579 | 18.30 | 90 | -65 | - | - | - | - | Did not intersect intended target reef. |
| BKD009 | 260884 | 5851024 | 579 | 13.30 | 90 | -30 | - | - | - | - | Did not intersect intended target reef. |
| BKD010 | 260884 | 5851024 | 579 | 9.30 | 90 | -85 | - | - | - | - | Did not intersect intended target reef. |
| BKD011 | 260884 | 5851024 | 579 | 19.85 | 59 | -45 | 19.50 | 19.85 | 0.35 | 0.35m @ 1.06 g/t Au | Intersected target reef at 17.80m |
| BKD012 | 260884 | 5851024 | 579 | 23.80 | 45 | -43 | 20.78 | 21.50 | 0.72 | 0.72m @ 0.02 g/t Au | Intersected the edge of the intended target zone |
| BKD013 | 260884 | 5851024 | 579 | 22.50 | 51 | -40 | Assays Pending | | | Samples in the lab, assays awaited | |
| BKD014 | 260884 | 5851024 | 579 | 23.70 | 54 | -46 | 20.80 | 21.40 | 0.60 | 0.60m @ 20.1 g/t Au | Intersected target reef at 20.80m |
| BKD015 | 260884 | 5851024 | 579 | 23.75 | 58 | -53 | Assays Pending | | | Samples in the lab, assays awaited | |
| BKD016 | 260884 | 5851024 | 579 | 25.00 | 58 | -60 | Drilling In Progress | | | | |

* subject to minimum thickness of 0.3m and 0.01 g/t Au

APPENDIX 2 – JORC TABLE 1, SECTIONS 1 – 2

JORC Table 1: Section 1 Sampling Techniques and Data

| Criteria of JORC Code 2012 | Reference to the Current Report |
|---|---|
| | Comments / Findings |
| <i>Sampling techniques</i> | <p>Current diamond drilling has been designed using historical data from work completed between 1981 and 1989. Due to the historic nature of these data, it is not always possible to comment on the accuracy or quality of the gold grades derived from geochemical assay analysis.</p> <p>Drilling undertaken by Cauldron Energy Ltd since December 2021 has utilised the Kempe compressed air drilling equipment. Sampling is undertaken on a variety of lengths dependent on geological contacts in order to avoid crossing lithological boundaries. For drillholes BKD001 to BKD010, and in downhole areas where core recovery has been extremely poor (prior to June 2022), sludge samples were obtained at half metre intervals from fines material collected at the collar of the hole. The results are considered indicative for gold, but more focus has been placed on the other geochemical pathfinder elements that can be used to vector for gold mineralisation.</p> |
| <i>Drilling techniques</i> | <p>Drilling undertaken by Cauldron Energy Ltd since December 2021 has utilised the Kempe compressed air drilling equipment. A total of 9 holes for 143 drilled metres have been completed, courtesy of MAGMOS Holdings Australia (Dec 2021), and EDrill Australia together with East West Drilling and Mining Supplies (drilling since April 2022).</p> |
| <i>Drill sample recovery</i> | <p>Core recovery in holes drilled by Cauldron Energy Ltd has been poor due to the frequent, unpredictable intersections of broken, incompetent ground and unsurveyed historically mined voids. Much of the core drilled comprised softer shale and siltstone lithologies which were ground away by the harder quartz veining and sandstone material, leaving behind a mixture of sludge, or open-hole material.</p> <p>Since June 2022, drilling techniques in all holes drilled By Cauldron Energy Ltd have significantly improved resulting in core recoveries surpassing 95% (and often 100%) in all holes, irrespective of the lithologies or ground conditions.</p> |
| <i>Logging</i> | <p>Geological logging for all holes drilled by Cauldron Energy Ltd has been undertaken on a systematic basis, detailing lithology types, alteration, oxidation, mineral types, colour, weathering and structural elements. Since June 2022, the significant improvements in core recovery are allowing all structural features to be measured for future structural modelling.</p> |
| <i>Sub-sampling techniques and sample preparation</i> | <p>For holes drilled by Cauldron Energy Ltd, any core recovered from holes BKD001 to BKD010 have been sampled as half-core and achieved by cutting with a diamond blade. The sludge, or open-hole, samples were collected by spear in order to reduce the amount of potential contamination at the bottom of BKD005.</p> <p>Following the significant improvements in core recovery for holes BKD011 to BKD015, sampling has involved orientating the drillcore using observable foliations and cleavage planes in the sandstone and using this orientation line to cut the core using a diamond blade. Samples have been collected on the same half-core basis.</p> |
| <i>Quality of assay data and laboratory tests</i> | <p>Cauldron's QAQC procedure is to insert Standards, Blanks and Duplicate samples every 20th sample, alternating between the 3 QAQC types, throughout the sample suite collected at the time. However, for the December 2021 drilling, due to the poor recovery of the core and abandonment of the holes, there were not enough samples to insert all three QAQC sample types. Thus, Standard samples (OREAS 235 and 250B) were inserted every 20th sample as a check for the lab.</p> |

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| | <p>Samples were submitted to Bureau Veritas in Adelaide, and tested using:</p> <ul style="list-style-type: none"> ➤ Fire Assay (FA001, 40g) – gold assay ➤ Mixed Acid Digest (4-acid, MA102) – multielement assaying for Ag, As, Cu, Pb, Zn, Sb, Bi, Co, Ni, Mo ➤ Mixed Acid Digest (MA101) – multielement assaying for Cr ➤ Aqua Regia – Hg |
| <i>Verification of sampling and assaying</i> | Samples collected by Cauldron have been geologically logged with the sample selection carefully recorded on company-owned, digital logging sheets. All core recovered was appropriately measured and marked using core blocks and metre marks by Cauldron personnel. Thus, samples collected are as accurate and as representative as can be possible, given the nature of the drilling and the problems faced with recovering drill core. |
| <i>Location of data points</i> | Preparation for the current drillholes included the surveying of the proposed hole collars by Malkin Consulting Pty Ltd (Melbourne-based). Underground surveying was completed by the establishment of survey pins in the Tyrconnel Adit and at surface. Data were collected using the Geodetic Datum of Australia (GDA94), Zone 55. Collar locations for the various drillholes are based on measurements from the above established datum and will be validated by survey in due course. |
| <i>Data spacing and distribution</i> | Cauldron's drilling samples have been collected on varying interval thicknesses based on lithology and alteration characteristics, between 0.10 and 3.00 metres. |
| <i>Orientation of data in relation to geological structure</i> | All diamond drilling undertaken by Cauldron Energy Ltd have been designed on a variety of azimuths between 045 and 325 degrees from north. Hole inclinations are also variable between -2 and -85 degrees down from horizontal. |
| <i>Sample security</i> | All data collected by Cauldron is stored digitally and online using the Company's Blackwood Microsoft Teams, cloud-based, shared network and is backed up regularly onto the Company's Perth server. Access to this data room is via company accounts only, requiring login details and thereby assuring data security. |
| <i>Audits or reviews</i> | All data collected is reviewed in the field and in the office. No audit has yet taken place. |

JORC Table 1: Section 2 Reporting of Exploration Results

| Criteria of JORC Code 2012 | Reference to the Current Report Comments / Findings |
|--|--|
| <i>Mineral tenement and land tenure status</i> | The Blackwood Gold Project comprises one Exploration Licence (EL) 5479 and is subject to a Joint Venture Agreement between Cauldron Energy Ltd (51%) and Blackwood Gold Mines Pty Ltd (49%). |
| <i>Exploration done by other parties</i> | <p>The Blackwood Gold Project and surrounding areas have been systematically explored, drilled and mined since the 1850s. Modern drilling and mining activities recommenced in the local area in the early 1970s.</p> <p>Modern exploration, drilling and small-scale mining activities have been undertaken since 1981, commencing with Endeavour Resources NL undertaking a surface geological mapping program. The following drilling and sampling programs have been completed historically:</p> <ul style="list-style-type: none"> - 1981 – Carpentaria Exploration Company Pty Ltd (CEC): 6 holes for a total 1,056.1 metres (DD), and 34 samples collected. - 1981 – 1982 – Endeavour Resources NL: 11 holes for a total 2,104.62 metres (DD), and 201 samples collected. |

| | |
|---|--|
| | <ul style="list-style-type: none"> - 1986 – 1987 – Western Gulf Oil and Mining Ltd: 9 holes for a total 1,613.4 metres (DD). The number of samples collected is unknown. - 1986 – 1989 – Triad Minerals NL: 9 holes for a total 255 metres (RC), and 255 samples collected. - 1988 – 1989 – Dome Resources NL: 26 holes for a total 1,009 metres (RC), and 998 samples collected. - 1989 – NORD Resources (Pacific) Pty Ltd: 12 holes for a total 771 metres (RC), and 387 samples collected. <p>In 1997, New Holland Mining NL undertook a relogging and resampling exercise to test for lower-grade gold mineralisation in areas previously untested by Endeavour Resources. This program involved the collection of 267 samples.</p> |
| <i>Geology</i> | <p>Gold mineralisation at Blackwood is hosted within the following:</p> <ul style="list-style-type: none"> - quartz-rich reef systems and laminated quartz veins in folded turbidite sequences of Ordovician-aged sediments. - Mineralised structures typically have a north-south strike orientation and a generally westerly dip, being either parallel or oblique to bedding. - Reef development appears to have occurred by intersection of high-angle faults sub-parallel to the fold axes. - Younger, oblique faulting and low-angle reverse fault structures seem to crosscut, offset and terminate mineralised structures. - Expansion of reef widths and enrichment of existing gold mineralisation occurs within southerly plunging ore “shoots”. |
| <i>Drill hole Information</i> | <p>Detailed drill logs, downhole surveys and coordinates in the form of local grids are available. However, no records have yet been found relating to drilling rates, rig designs, pre-collar depths etc.</p> <p>All new drillhole information collected is in Geodetic Datum of Australia (GDA94), zone 55. Detailed downhole information is stored digitally on the cloud-based Microsoft Teams network and is backed up regularly onto the Company’s Perth server.</p> |
| <i>Data aggregation methods</i> | <p>Drilling data have been averaged over mineralised reef widths rather than the pre-selection of high-grade zones within those mineralised intervals. No data aggregation methods or high-grade top cuts have been applied.</p> |
| <i>Relationship between mineralisation widths and intercept lengths</i> | <p>The geometry of the mineralisation in the reef and structure systems relative to the drilling samples collected is still being established. Drilling aims to intersect mineralisation at right angles if possible. True widths may be less than intercept widths.</p> |
| <i>Diagrams</i> | <p>Appropriate and relevant diagrams have been included in the body of this announcement.</p> |
| <i>Balanced reporting</i> | <p>Balanced reporting has been adhered to. The company has reported all significant results, both positive and negative.</p> |
| <i>Other substantive exploration data</i> | <p>Gold mineralisation of significant economic grade and tenor is still considered to be open down-plunge and dip below the water table to the various reefs referred to herein.</p> |
| <i>Further work</i> | <p>Exploration will continue with the aim to validate historically high-grade gold mineralisation within the Annie Laurie Reef.</p> |