

Cauldron cements position at its Ashburton Sand Project

Highlights

- **Cauldron completes acquisition of sought-after river mouth sand licences near to low cost transport and export shipping infrastructure with direct routes into Asian markets.**
- **Cauldron is now the legal and registered 100% owner of exploration licences EL08/2328, EL08/2329 and EL08/2462 and miscellaneous licence L08/71 all located at the mouth of the Ashburton River, following DMIRS registration of the transfer of ownership to Cauldron.**
- **Competition for high quality river sand for use in the reclamation and construction industries is increasing as global sources are depleted (refer ASX announcement 22nd December 2020).**
- **The Ashburton river mouth sand tenements are highly prospective for construction sand as demand increases for land reclamation and concrete construction in nearby south-east Asian growth markets.**

Cauldron Energy Limited (**Cauldron** or the **Company**) (ASX: CXU) is pleased to announce significant progress on the acquisition of river sand tenements with Cauldron having been registered as the 100% owner of three exploration licences and one miscellaneous licence located at the mouth of the Ashburton River.

On 23rd December 2020 and 9th February 2021, Cauldron announced it had entered into a sale and purchase agreement (**SPA**) to acquire full ownership of a number of river sand leases covering substantial portions of three of the largest river mouths of Western Australia, located at Ashburton, Carnarvon and Onslow, each prospective for construction and reclamation from Onslow Resources Pty Ltd, Quarry Park Pty Ltd, Anthony Warren Slater and Regent Point Pty Ltd, together the vendors.

When entering the SPA, Cauldron committed to a heavily back-ended arrangement where much of the consideration is payable on transfer of the tenements to Cauldron and successful advance to mining production. Because the tenements the subject of the SPA were at various stages of grant (for example, one mining lease had a production history of extraction, some exploration licences were granted and some were in application, and one mining lease was listed as 'dead'), the SPA was structured where script consideration was payable in three tranches. Relevantly, a tranche is to be made on the successful transfer of granted licences (second tranche script payment) and then on the grant and transfer of the licences in application (third tranche script payment), refer ASX announcement dated 9th February 2021.

Under the SPA, the second tranche issue of 8.0 million fully paid shares was due and payable upon transfer of the granted licences. CXU has taken ownership of all licences except mining lease M08/487, which is pending the outcome of a proceedings and will require ministerial approval prior to being transferred. Cauldron and the vendor have agreed to modify the second tranche script payment to issue 4.0 million shares now and the balance of 4.0 million shares when M08/487 is successfully transferred.

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CXU

Securities on Issue

455,999,512 shares
6,833,395 Options (exercise price: \$0.03; expiry 31 Dec 2021)
16,666,666 Options (exercise price: \$0.03; expiry 31 Mar 2022)
10,000,000 Unlisted Options (exercise: \$0.03; expiry 16-Sep-22)
6,000,000 Unlisted Options (exercise: \$0.05; expiry 16-Sep-23)
45,354,839 Options (exercise price: \$0.05; expiry 30 Nov 2023)
9,000,000 Performance Rights (expiring 10 August 2025)

Board of Directors

Simon Youds
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 expects to benefit from its ‘first mover status’ and having early participation in a global growth industry. Global usage of construction sand is estimated to be ten times that of global bulk coal and forty times bulk iron ore (refer ASX announcement 23rd December 2020).

Commenting on the acquisition of the Ashburton tenements, Chief Executive Officer Jess Oram said: “*The transfer of ownership is a significant step towards our efforts to become a significant exporter of sand, which will allow CXU to take advantage of the huge global demand for this under-appreciated commodity*”.

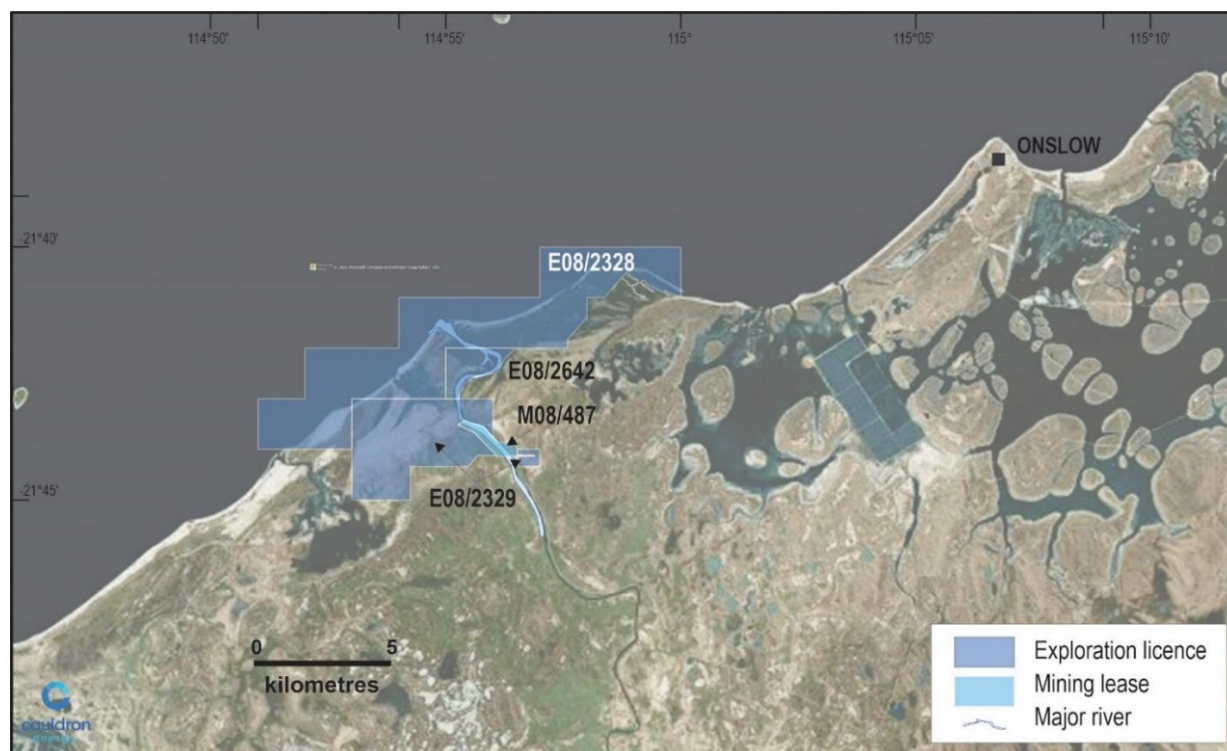


Figure 1; Ashburton River Sand Project – Mining Title (image courtesy of Bing)

WA Sands Project Tenements – Status of Transfer

The tenements transferred to CXU are E08/2328, E08/2329, E08/2642, L08/71.

Table 1: Full list of tenements being acquired from vendors and status of transfer

| Tenement | Location | Registered Holder | Interest | Area_km2 | Grant / Renewal Date | Expiry Date |
|------------|-----------|----------------------|----------|----------|----------------------------|-------------|
| ELA09/1816 | Carnarvon | Onslow Resources Ltd | 100% | 81 | under application | N/A |
| MLA09/150 | Carnarvon | Onslow Resources Ltd | 100% | 6 | listed as dead on register | N/A |
| ELA04/2548 | Derby | Regent Point Pty Ltd | 100% | 331 | under application | N/A |
| E08/2328 | Onslow | CXU | 100% | 36 | 03/12/2020 | 2/12/2025 |
| E08/2329 | Onslow | CXU | 100% | 21 | 11/06/2018 | 10/06/2023 |
| E08/2642 | Onslow | CXU | 100% | 6 | 29/09/2020 | 28/09/2025 |
| M08/487* | Onslow | Quarry Park P/L | 100% | 1 | 12/04/2013 | 11/04/2034 |
| L08/71 | Onslow | CXU | 100% | 0 | 29/04/2013 | 28/04/2034 |

*: transfer subject to proceedings – refer ASX announcement of 9 February 2021

River Sands Project

Cauldron has secured and is in the process of transferring a mining lease and several exploration licences located on three of the largest river systems crossing the coast in central to northern Western Australia. These licences cover the mouths of the Fitzroy River at Derby, the Ashburton River at Onslow and the Gascoyne River at Carnarvon. The rivers drain a huge area of granitic rocks commencing from its respective headwater all the way to the project area, being the mouth of the river (refer to Figure 2). Every time there is a flooding event somewhere in the catchment area, sand is deposited into the project area, replenishing the supply of sand and re-establishing the river mouth in its original a pristine condition. Some river mouths are being 'swamped' from flooding events, with excessive sand build-up preventing the use of high value infrastructure facilities, which adversely affect the economies of these regional economies.



Figure 2, Cauldron River Sands Project - Catchment Area draining into the project area at river mouth

The global sand export market is non-centralised and made up of many disparate clusters of activity collectively accounting for movement of 40 billion tonnes of sand annually (refer ASX announcement 22 December 2020). To put this in context this is an amount ten times greater than the movement of coal, the next highest bulk commodity traded on a global scale. Nearly all the sand used in making concrete in southeast Asia is imported.

Cauldron has ambitions to develop its River Sand Projects into an activity that generates cashflow through sales of material into the domestic market. It intends to leverage on proximity to low-cost transport grow from a relatively limited domestic supply into an international supplier of large volumes needed in the construction industry for land reclamation and to make concrete.

END

Authorised for release by Mr Jess Oram, Executive Director and Chief Executive Officer.

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Competent Person Statement

The information in this report that relates to exploration results for the Western Australian Sands Project is based on information compiled by Mr Jess Oram, Executive Director of Cauldron Energy Limited. Mr Oram is a Member of the Australasian Institute of Geoscientists.

Mr Oram has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Oram consents to the inclusion in this report of the matters based on information in the form and context in which it appears.

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