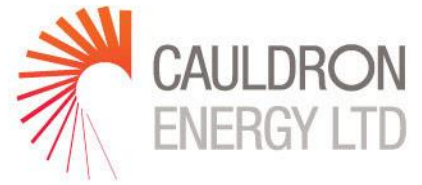


# ASX Announcement

Quarterly Report for Period Ended 30 September 2017



26 October 2017

## QUARTERLY REPORT – 30 SEPTEMBER 2017

Please find attached the Quarterly Activities Report and Appendix 5B for the period ended 30 September 2017.

Yours faithfully,

**Tony Sage**  
**Executive Chairman**  
**Cauldron Energy Limited**

### Cauldron Energy Ltd

ABN 22 102 912 783

ASX Code CXU

329,289,708 shares

20,000,000 unlisted options

### Board of Directors

Tony Sage  
Executive Chairman

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

Jess Oram  
Exploration Manager

## HIGHLIGHTS

### **CORPORATE**

- Annual General Meeting to be held 23 November 2017
- CXU succeeds in Court of Appeal legal challenge from Forrest & Forrest Pty Ltd

### **EXPLORATION & PROJECTS**

- Yanrey Uranium Project
  - The second passive seismic program ended in the middle of the September quarter, with interesting results returned for areas immediately surrounding the Bennet Well Deposit
  - Validation of all passive seismic data collected was undertaken in the second half of the September quarter
  - Incorporation of the passive seismic data into the project-wide exploration model
  - A desktop review of all historical work conducted around the Boolaloo and Yanrey Project areas was commenced in the June quarter and continued through the September quarter

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Cauldron Energy Ltd (**Cauldron** or the **Company**) is pleased to present its Quarterly Activities Report for the period ended 30 September 2017.

### **CORPORATE ACTIVITIES**

#### ***Annual General Meeting***

The Company's Annual General Meeting (**AGM**) will be held 23 November 2017 at 9:00am. For more information, refer to the Notice of AGM as dispatched to all shareholders and available via the Company's website at [www.cauldronenergy.com.au](http://www.cauldronenergy.com.au).

#### ***CXU succeeds in Court of Appeal legal challenge from Forrest & Forrest Pty Ltd***

The Company refers to its announcements made on:

- 29 August 2016 that the Supreme Court of Western Australia dismissed the application for judicial review by Forrest & Forrest Pty Ltd (**Forrest**) of the decision of the Minister for Mines and Petroleum to progress the Company's applications for E08/2385, E08/2386 and E08/2387 through the determination processes under the Mining Act 1978 and Native Title Act 1993; and
- 16 September 2016 that Forrest lodged an appeal against this decision in the Western Australian Supreme Court, Court of Appeal.

During the quarter, the Court of Appeal handed down its unanimous decision today in favour of the Company. The Court of Appeal dismissed Forrest's appeal and ordered Forrest to pay the Company's legal costs of the appeal.

## Cash at 30 September 2017

Cash available to the Company at the end of the September 2017 quarter was \$2.6 million.

## EXPLORATION ACTIVITIES: AUSTRALIA

In Australia, Cauldron has two project areas (Figure 1) covering more than 2,300 km<sup>2</sup> in Western Australia. Projects include:

- **Yanrey Project (Yanrey)** in Western Australia comprises 12 granted exploration licences (1,280 km<sup>2</sup>) and 7 applications for exploration licences (913 km<sup>2</sup>). Yanrey is prospective for large sedimentary-hosted uranium deposits.
- **Boolaloo Project (Boolaloo)** in Western Australia comprises two granted exploration licences (104 km<sup>2</sup>) prospective for gold mineralisation.

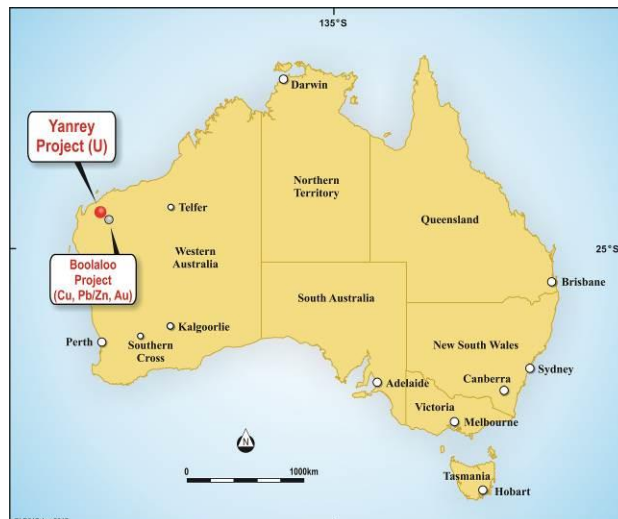


Figure 1: Major Project Locations in Australia

## BENNET WELL (YANREY REGION)

The mineralisation at Bennet Well is a shallow accumulation of uranium hosted in unconsolidated sands (less than 100 m downhole depth) in Cretaceous sedimentary units of the North Carnarvon Basin.

The Bennet Well deposit is comprised of four spatially separate deposits; namely Bennet Well East, Bennet Well Central, Bennet Well South and Bennet Well Channel.

Work completed during the quarter comprised validation of all passive seismic data collected and incorporation of that data into the exploration model.

### Passive Seismic Work

The second phase passive seismic program commenced in the June quarter was ended in the middle of the September quarter. The survey had been designed using a combination of results from the 2016 survey and regional-scale, airborne electromagnetic (EM) and magnetic data. Figure 3 provides a plan view of the proposed survey. Passive seismic survey lines were designed for the Bennet Well Deposit as infill and extension to those completed in 2016. The northern part of the deposit-scale survey was completed during the September quarter.

The passive seismic data derives accurate depth to basement, which is a fundamental input to the exploration model used to predict sites of likely accumulation of uranium. These areas may then be scheduled for later scout exploration drill testing.

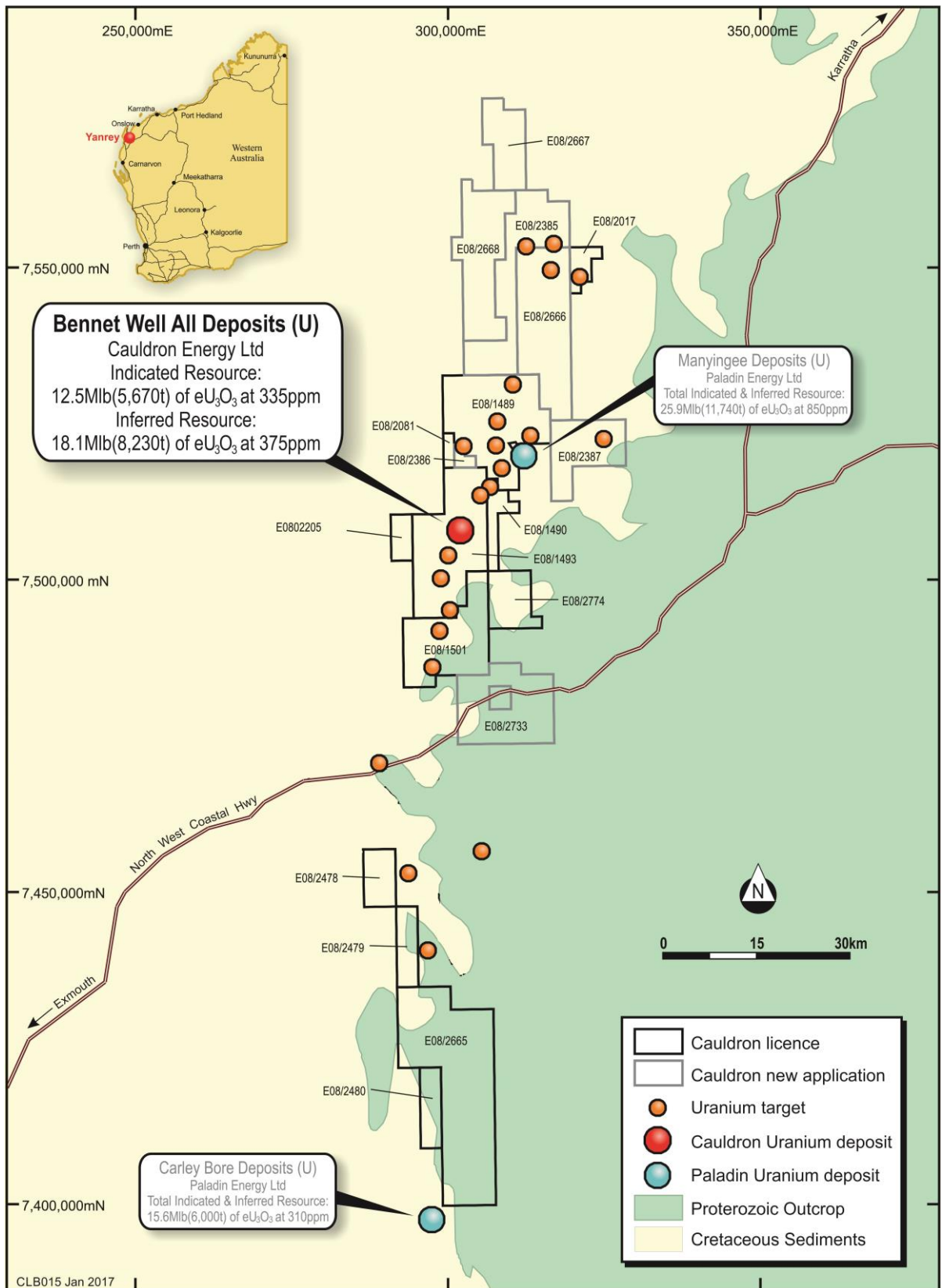
The resulting data was incorporated into the project-scale, ever-developing, and evolving, systemic exploration model.

## YANREY PROJECT

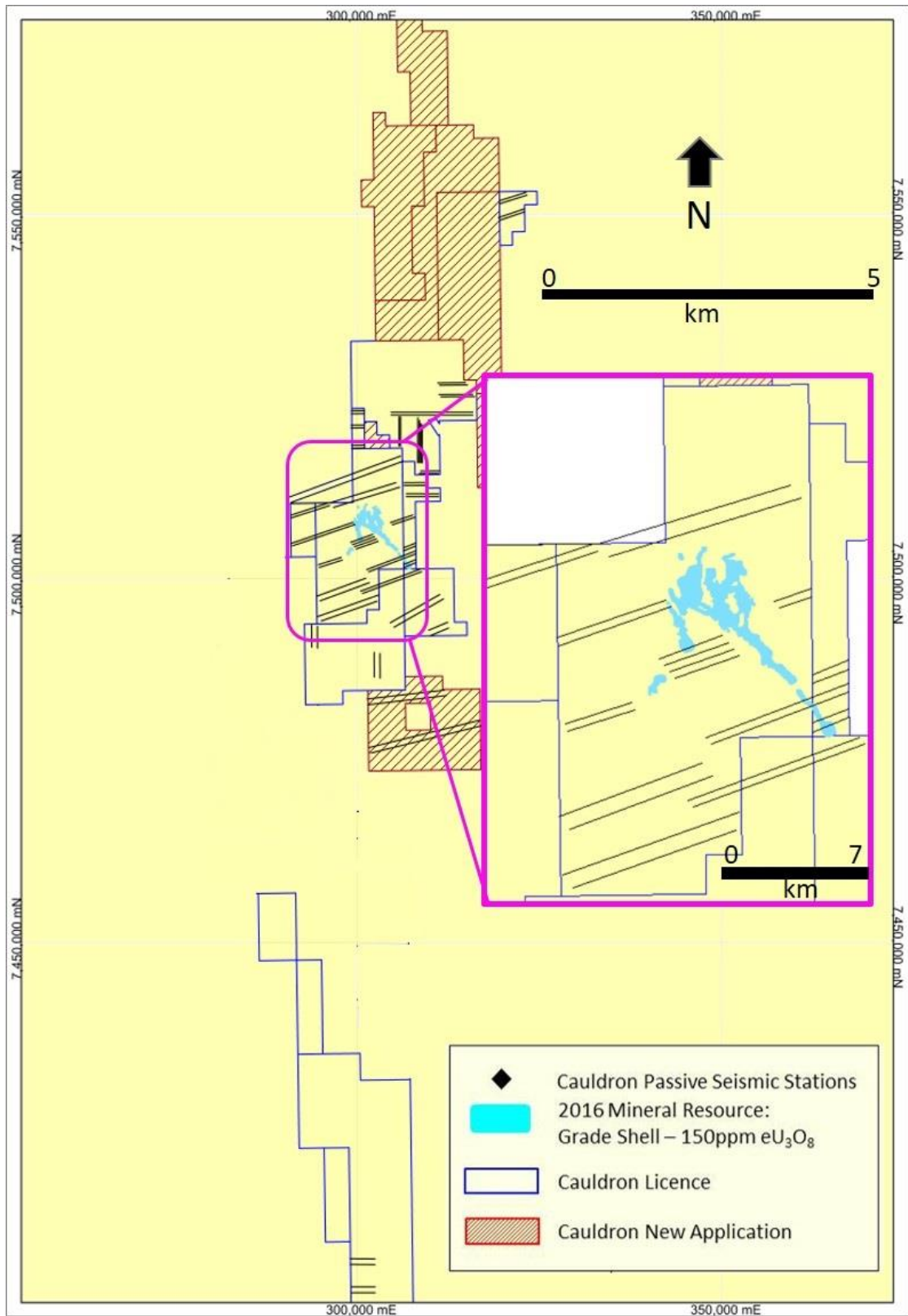
The Yanrey Project comprises a collection of twelve exploration tenements in northwest Western Australia, one of which secures the Bennet Well Uranium Deposit. The project is prospective of sandstone-style uranium mineralisation capable of extraction by in-situ recovery mining techniques. Cauldron continued passive seismic surveying in areas distal to Bennet Well, within the greater Yanrey Project region. New survey lines were planned in addition to those not completed during the 2016 field season, in areas both to the north and south of the Bennet Well Deposit. Some of these areas were completed during the September quarter. Results highlighted:

- a. significant deepening of the basement to the northwest, and north-northwest, of the Bennet Well Deposit, confirming the current exploration model which involves the strong influence of regional-scale fault structures on the formation of basement depressions (i.e. palaeochannels);
- b. shallow basement to the southeast of the currently delineated Bennet Well Channel, however there also appear to be two narrow areas of depression orientated northwest-southeast, near the southern boundary of tenement E08/2774;
- c. two minor areas of basement depression in the southern-most part of the Yanrey tenement package, on exploration licences E08/2478 and E08/2480. The suggested strike of these southern targets is north-northwest/south-southeast.

The interpretation and analysis of the passive seismic data will assist in generating prospective drilling targets for potential exploration follow-up.



**Figure 2: Yanrey Project – Deposit, Prospect and Target Locations**



**Figure 3:** Yanrey Project – Proposed Passive Seismic Survey - 2017. Image insert (pink border) outlines further passive seismic planned for the Bennet Well Deposit

## BOOLALOO PROJECT, WESTERN AUSTRALIA

The Boolaloo project (**Boolaloo Project**), held by Cauldron Energy, is a Greenfields base metal (Cu, Pb, Zn) and gold project located in the Ashburton Mineral Field, Western Australia. The Boolaloo Project is currently comprised of a two exploration licences, E08/2496 and E08/2638. The Boolaloo Project has not been extensively explored historically. It is prospective for structurally-hosted mineralisation located in fault jogs and cross cutting features, such as dolerite dykes and shears. Known gold deposits in the region include:

- Paulsen's Gold Mine (active) which has a current total (Measured, Indicated and Inferred) Mineral Resource (JORC 2012) of 1,940,800 tonnes at 7.87g/t Au for 491,100 ounces of contained gold (Northern Star Resources Ltd, 2015); and
- The Mount Clement Gold Deposit located 5 km northeast of the project area, which has an Indicated Mineral Resource (JORC 2012) of 526,000 tonnes at 2.40g/t Au for 46,600 ounces of contained gold (Northern Star Resources Ltd, 2015).

A geological review completed by Cape Lambert Resources Limited in 2014 identified several prospective structural and lithological targets within the Boolaloo Project that are thought to be prospective for base metal and gold mineralisation. There is potential for gold (Au), silver (Ag), copper (Cu) and/or antimony (Sb), and base metal mineralisation within favourable NW-SE structures, SW-NE intrusives and their intersections. Evidence of local mineralisation (Au, Ag, Cu +/- Sb, base metals) is found in the Ashburton Formation associated with east-west and north-south fault/shear structures. Potential for mineralisation extending into the Project area exists with the same structures as well as within the metamorphosed rocks associated with the granite intrusion and possibly even along the unconformity.

No ground work was completed on the Boolaloo tenements during the quarter. However, a desktop review was begun in the June quarter to assess the exploration potential for other commodities within the Boolaloo project area. This work is continuing through the September quarter, however results of this work to date are showing:

### *E08/2496:*

- In 1998, RGC Exploration Ltd conducted a program of stream sediment sampling over their tenements E08/866 and E08/868 (Rogers and Dorling, 1998). A total of 157 samples were collected from the two tenements, however no significant gold assays were returned. Anomalous levels of zinc were found in five samples, however these results were traced back to isolated drainage channels that did not form a contiguous anomaly;
- Cauldron exploration licence E08/2496 now covers part of the area over which E08/866 and E08/868 were originally situated. The stream sediments collected during the 1998 program are situated within the southern-most part of E08/2496, thereby rendering the remainder of the tenement underexplored;
- In more recent years, the area was owned by Jackson Gold Ltd (which later became Cauldron Energy through amalgamation with Scimitar Resources);
- E08/2496 straddles the northwest-southeast orientated faulted contact between the Wyloo Group (Ashburton) and Edmond Group (Bangemall Basins);
- Regional geology (GSWA Wyloo geology, 1:250,000 scale) shows a series of northeast-southwest trending structures that appear to crosscut the Wyloo/Edmond faulted contact. Areas of intersection such as these often result in zones of dilation in which, as they propagate along the flow-path, fluids can precipitate out the mineral they are carrying;

- Regional magnetics (sourced from the DMIRS Geoview WA website) also clearly shows the NW-SE striking faulted contact, as well the numerous, NE-SW orientated structures that intersect the fault;
- Moderate-low potential to host Au, Ag, Cu +/- Sb, Pb and Zn in favourable NW-SE structures, SW-NE intrusives and their intersections;

*E08/2638:*

- Historically, the ground covered by this tenement has been the focus of exploration activities by numerous companies, such as Aberfoyle Resources and RGC Exploration, due to the proximity to deposits such as Mt Clement (Au/Ag/As, owned by Artemis Resources) and the Paulsens Gold Mining Operation (owned and operated by Northern Star Resources);
- In 1990-1991, Aberfoyle Resources undertook a program of stream sediment and rock chip sampling to test for gold, silver, copper and base metal mineralisation;
- Two samples that were collected in May 1991 returned the following results:
  1. Sample 634393 - 4.25 g/t Au, 1.35% Cu, 2ppm Ag, 172ppm Zn in quartz-malachite (+/- chalcopyrite and pyrite) veins in outcrop measuring approx. 3m by 5m. This anomaly later became known as the Eagle Rock Anomaly;
  2. Sample 634395 – 2.20 g/t Au, 8.86% Cu, 2ppm Ag, 732ppm Zn in very small, chlorite-malachite shears (+/- haematite alteration).
- Areas of strong silica-sericite-pyrite alteration were mapped during further follow-up rock chips sampling of the Eagle Rock Anomaly, however resulting gold assays were too low (< 0.04 ppm Au) and thus was not investigated further (Hicks and Joyce, 1991);
- This ground was subsequently covered by exploration licence E08/1605 (owned by Jackson Gold Ltd);
- Several of the gold, copper and base metal prospects were defined by Jackson Gold in 2006/2007;
- Drilling of the Copper Strike prospect within the Boolaloo Project returned positive first pass results:
  1. 2 m @ 3.81% copper, 6.52 g/t silver, 0.11% lead & 0.60 g/t gold from 62 m
  2. 1 m @ 1.73% copper from 39 m
  3. 1 m @ 1.55% copper & 10.2 g/t silver from 42 m
  4. 16 m @ 0.36% copper from 40 m
  5. 8 m @ 0.49% copper from surface
  6. 7 m @ 0.43% copper from 133 m
- Follow-up drilling was never completed as tenements were dropped due to their high expenditure commitments;
- Regional geology (GSWA Wyloo geology, 1:250,000 scale) shows a series of northeast-southwest striking fault structures that appear in an en-echelon formation across E08/2638;



- Regional magnetics (sourced from the DMIRS Geoview WA website) shows two major, regional-scale NE-SW striking structures that appear to be crosscut by five east-west trending magnetic lineaments, that could produce intersections and potential zones of dilation for mineral precipitation;
- Moderate-High potential to host Au, Ag, Cu +/- Sb, Pb and Zn mineralisation in favourable NW-SE structures, SW-NE intrusives and their intersections.

## **TENEMENT ADMINISTRATION: AUSTRALIA**

### ***Objection to Cauldron's Applications for exploration licences 08/2666-2668***

Cauldron lodged applications for Exploration Licences 08/2666-2668 (E08/2666-2668) on 5 December 2014. Forrest & Forrest Pty Ltd lodged objections against E08/2666-2668 on 6 January 2015. The matters are proceeding through the Warden's Court process.

### ***Red Sky Stations Pty Ltd Objection to Tenement Application for E08/2899***

Cauldron lodged an Exploration Licence application E08/2899, on 1 February 2017. Red Sky Stations Pty Ltd lodged Objection #501163 on 15 February 2017 against the tenement application. The matter is proceeding through the Warden's Court process.

## **EXPLORATION ACTIVITIES: ARGENTINA**

In Argentina, Cauldron controls, through its wholly-owned subsidiary Cauldron Minerals Limited (**Cauldron Minerals**) 445 km<sup>2</sup> at its most advanced project, Rio Colorado, in Catamarca. The Project is a Cu-Ag target exhibiting characteristics similar to the globally significant sedimentary copper deposits. No work was completed in Argentina as Cauldron continues to await approval for drilling at the Rio Colorado Project.

The Company has been assisting with re-negotiating an agreement with Caudillo Resources S.A. (**Caudillo**) for four mining tenements at the Los Colorados Project in La Rioja, Argentina. Caudillo has revised its intentions and is currently in the process of completing actions to relinquish the Project. This transaction is ongoing at present.

**End.**

For further information, visit [www.cauldronenergy.com.au](http://www.cauldronenergy.com.au) or contact:

Cauldron Energy Limited

Ph: (08) 9380 9555

## **Disclosure Statements**

### **Competent Person Statement**

*The information in this report that relates to the Mineral Resource for the Bennet Well Uranium Project is based on information compiled by Mr Jess Oram, Exploration Manager of Cauldron Energy who is a Member of the Australasian Institute of Geoscientists. 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). Oram consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.*

## Schedule of Tenements

Mining tenements held at 30 September 2017, including tenements acquired and disposed of during the quarter:

Tenement reference	Project & Location	Acquired interest during the quarter	Disposed interest during the quarter	Interest at end of quarter
E08/1489	YANREY – WESTERN AUSTRALIA	-	-	100%
E08/1490	YANREY – WESTERN AUSTRALIA	-	-	100%
E08/1493	YANREY – WESTERN AUSTRALIA	-	-	100%
E08/1501	YANREY – WESTERN AUSTRALIA	-	-	100%
E08/2017	YANREY – WESTERN AUSTRALIA	-	-	100%
E08/2081	YANREY – WESTERN AUSTRALIA	-	-	100%
E08/2205	YANREY – WESTERN AUSTRALIA	-	-	100%
E08/2478	YANREY – WESTERN AUSTRALIA	-	-	100%
E08/2479	YANREY – WESTERN AUSTRALIA	-	-	100%
E08/2480	YANREY – WESTERN AUSTRALIA	-	-	100%
E08/2665	YANREY – WESTERN AUSTRALIA	-	-	100%
E08/2774	YANREY – WESTERN AUSTRALIA	-	-	100%
E08/2496	BOOLALOO – WESTERN AUSTRALIA	-	100%	-
E08/2638	BOOLALOO – WESTERN AUSTRALIA	-	100%	-
393/2010	Catamarca, Argentina	-	-	100%
393-S-2010	Catamarca, Argentina	-	-	100%

Mining tenements with beneficial interest held in farm-in/farm-out agreements held at 30 September 2017, including interests acquired and disposed of during the quarter:

Farm-in Agreement and Tenement reference	Project & Location	Acquired interest during the quarter	Disposed Interest during the quarter	Interest at end of quarter
140/2007	Rio Colorado Project - Catamarca, Argentina	-	-	51%*
141/2007	Rio Colorado Project - Catamarca, Argentina	-	-	51%*
142/2007	Rio Colorado Project - Catamarca, Argentina	-	-	51%*
143/2007	Rio Colorado Project - Catamarca, Argentina	-	-	51%*
144/2007-581/2009	Rio Colorado Project - Catamarca, Argentina	-	-	51%*
176/1997	Rio Colorado Project - Catamarca, Argentina	-	-	51%*
232/2007	Rio Colorado Project - Catamarca, Argentina	-	-	51%*
270/1995	Rio Colorado Project - Catamarca, Argentina	-	-	51%*
271/1995	Rio Colorado Project - Catamarca, Argentina	-	-	51%*
43/2007	Rio Colorado Project - Catamarca, Argentina	-	-	51%*

\*Cauldron had an exclusive option agreement through its wholly owned subsidiary Cauldron Minerals Ltd (formerly Jackson Global Ltd) with a private party (Dr Horacio Solis), to earn a total 92.5% in 230km<sup>2</sup> of the Rio Colorado uranium project in Argentina. The remainder of the project is (532km<sup>2</sup>) is held by Cauldron in the name of a related entity. Together, both areas form the Rio Colorado Joint Venture. Cauldron earned its Initial Interest of 51% in the project by completing a minimum work program. The Parties have agreed the terms of a Deed of Assignment, Assumption and Termination in May 2017 for Cauldron to acquire 100% interest in the Rio Colorado uranium project, with completion pending at the time of this report.