

4 October 2018

YANREY NORTH FARM-IN AGREEMENT

HIGHLIGHTS

- **Renewed exploration focus at exploration licences held by Cauldron**
- **\$2 million in exploration funding is committed**
- **Oceltip will accelerate exploration at Yanrey North under a farm-in arrangement**
- **The tenements adjoin Cauldron's Yanrey Exploration Project**

Australian resources company, Cauldron Energy Limited (**ASX: CXU**) (**Cauldron**) is pleased to announce the execution of a farm-in agreement (**Agreement**) with Oceltip Metals Pty Ltd (**Oceltip**). Under the terms of the Agreement Oceltip will fund exploration to the value of \$2 million over an initial three year earn-in period on Cauldron's granted E08/2017, E08/2385, E08/2386, E08/2387 and applications for E08/2666, E08/2667 and E08/2668 once granted. Following this expenditure Oceltip will earn rights to 60% of the project defined by this group of tenements. The project area is immediately adjacent to 100% Cauldron owned Yanrey Exploration project which hosts the Mineral Resource (JORC 2012) reported for mineralisation at Bennet Well, as detailed below.

The contracted expenditure of \$2 million of exploration funding is significantly more than the statutory exploration commitment and will lead to accelerated exploration on these tenements. This exploration work shows the commitment to fast track exploration in the Yanrey region. The tenements that form the project area are shown in Figure 1.

Chairman Tony Sage says: "*The expenditure committed in this farm-in and future joint venture demonstrates Cauldron's belief in the exploration potential of the entire project area*".

Terms of the farm-in

The following comprise the general commercial terms of the farm-in:

- the project area is made up of granted E08/2017, E08/2385, E08/2386, E08/2387 and applications for E08/2666, E08/2667 and E08/2668 once granted, refer to Figure 1
- Oceltip to keep the tenements in good standing
- Oceltip to complete exploration to the value of \$2 million within three years, qualifying as the earn-in period
- Oceltip has option to extend the earn-in period by a further two years if it has spent at least \$1 million in the first three years
- at successful completion of the earn-in period a joint venture will be formed with 60% interest held by Oceltip and the balance held by Cauldron

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Leederville WA 6007

PO Box 1385, West
Leederville WA 6901

ASX code: CXU

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

Board of Directors

Tony Sage
Non-executive Chairman

Jess Oram
Executive Director &
Chief Executive Officer

Qiu Derong
Non-executive Director

Judy Li
Non-executive Director

Nicholas Sage
Non-executive Director

Chenchong Zhou
Non-executive Director

Management

Catherine Grant-Edwards
Company Secretary

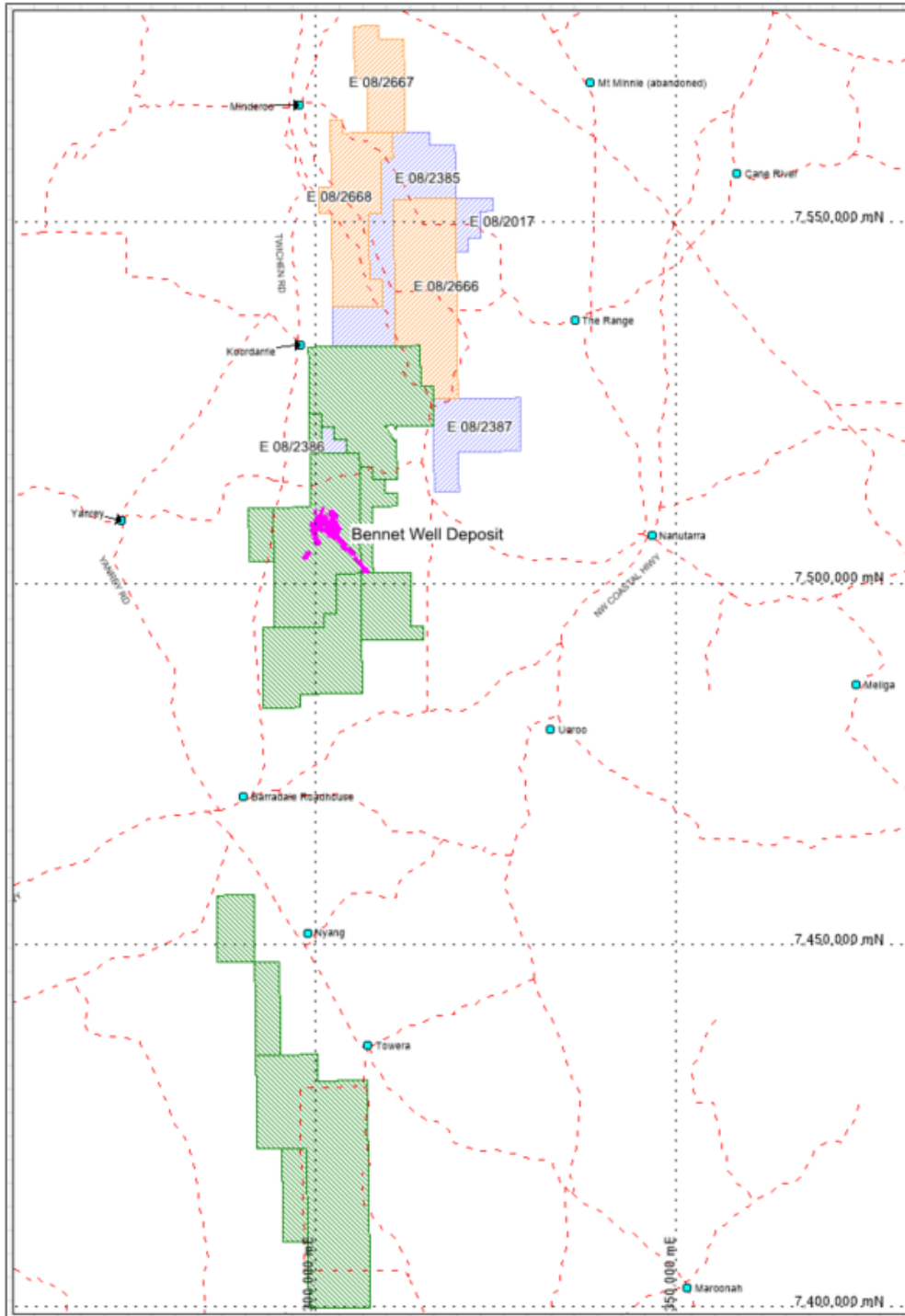


Figure 1: Tenement area subject to farm-in relative to area of the Yanrey Exploration Project; blue coloured hatch denotes granted tenements subject to farm-in; orange coloured hatch denotes pending tenements subject to farm-in; green coloured hatching denotes CXU 100% owned tenement; outline of mineralisation at Bennet Well is shown in pink; map datum is wgs84 zone 50.

Yanrey Project Summary and Bennet Well Mineralisation

The Bennet Well Deposit is located within the Carnarvon Basin approximately 100 km to the south of Onslow in the north-west region of Western Australia. The town of Exmouth is about 240 km to the northwest. The Yanrey – Bennet Well Project can be accessed from Exmouth via the major North West Coastal highway linking Exmouth and Karratha.

The Yanrey – Bennet Well Project is 100% owned and operated by Cauldron, possessing title in full to a contiguous package of twelve exploration tenements covering 1,280 km² around the Bennet Well deposit.

The mineralisation at Bennet Well is a shallow accumulation of uranium hosted in unconsolidated sands close to surface (less than 100 m downhole depth) in Cretaceous sedimentary units of the Ashburton Embayment. 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.

A Mineral Resource (JORC 2012) for the mineralisation at Bennet Well was completed by Ravensgate Mining Industry Consultants following new drilling completed during the reporting period ending 2016. The information on this Mineral Resource was fully reported in ASX announcement dated 17 December 2015, including geological maps and cross sections, supporting and explanatory statements and metadata as required under the reporting standards of JORC2012. No work on the Mineral Resource has been completed since, and therefore remains unchanged for the current reporting period.

The Mineral Resource (JORC 2012) estimate is:

- Inferred Resource: 16.9 Mt at 335 ppm eU₃O₈ for total contained uranium-oxide of 12.5 Mlb (5,670 t) at 150 ppm cut-off;
- Indicated Resource: 21.9 Mt at 375 ppm eU₃O₈ for total contained uranium-oxide of 18.1 Mlb (8,230 t) at 150 ppm cut-off;
- total combined Mineral Resource: 38.9 Mt at 360 ppm eU₃O₈, for total contained uranium-oxide of 30.9 Mlb (13,990 t) at 150 ppm cut-off.

Table 1: Mineral Resource at various cut-off

Deposit	Cutoff	Deposit Mass (t)	Deposit Grade (ppm)	Mass U ₃ O ₈ (kg)	Mass U ₃ O ₈ (lbs)
Bennet Well_Total	125	39,207,000	355	13,920,000	30,700,000
Bennet Well_Total	150	38,871,000	360	13,990,000	30,900,000
Bennet Well_Total	175	36,205,000	375	13,580,000	29,900,000
Bennet Well_Total	200	34,205,000	385	13,170,000	29,000,000
Bennet Well_Total	250	26,484,000	430	11,390,000	25,100,000
Bennet Well_Total	300	19,310,000	490	9,460,000	20,900,000
Bennet Well_Total	400	10,157,000	620	6,300,000	13,900,000
Bennet Well_Total	500	6,494,000	715	4,640,000	10,200,000
Bennet Well_Total	800	1,206,000	1175	1,420,000	3,100,000

Deposit	Cutoff (ppm U ₃ O ₈)	Deposit Mass (t)	Deposit Grade (ppm U ₃ O ₈)	Mass U ₃ O ₈ (kg)	Mass U ₃ O ₈ (lbs)
BenWell_Indicated	125	22,028,000	375	8,260,000	18,200,000
BenWell_Indicated	150	21,939,000	375	8,230,000	18,100,000
BenWell_Indicated	175	21,732,000	380	8,260,000	18,200,000
BenWell_Indicated	200	20,916,000	385	8,050,000	17,800,000
BenWell_Indicated	250	17,404,000	415	7,220,000	15,900,000
BenWell_Indicated	300	13,044,000	465	6,070,000	13,400,000
BenWell_Indicated	400	7,421,000	560	4,160,000	9,200,000
BenWell_Indicated	500	4,496,000	635	2,850,000	6,300,000
BenWell_Indicated	800	353,000	910	320,000	700,000

Deposit	Cutoff (ppm U ₃ O ₈)	Deposit Mass (t)	Deposit Grade (ppm U ₃ O ₈)	Mass U ₃ O ₈ (kg)	Mass U ₃ O ₈ (lbs)
BenWell_Inferred	125	17,179,000	335	5,750,000	12,700,000
BenWell_Inferred	150	16,932,000	335	5,670,000	12,500,000
BenWell_Inferred	175	14,474,000	365	5,280,000	11,600,000
BenWell_Inferred	200	13,288,000	380	5,050,000	11,100,000
BenWell_Inferred	250	9,080,000	455	4,130,000	9,100,000
BenWell_Inferred	300	6,266,000	535	3,350,000	7,400,000
BenWell_Inferred	400	2,736,000	780	2,130,000	4,700,000
BenWell_Inferred	500	1,998,000	900	1,800,000	4,000,000
BenWell_Inferred	800	853,000	1285	1,100,000	2,400,000

Note: table shows rounded numbers therefore units may not convert nor sum exactly

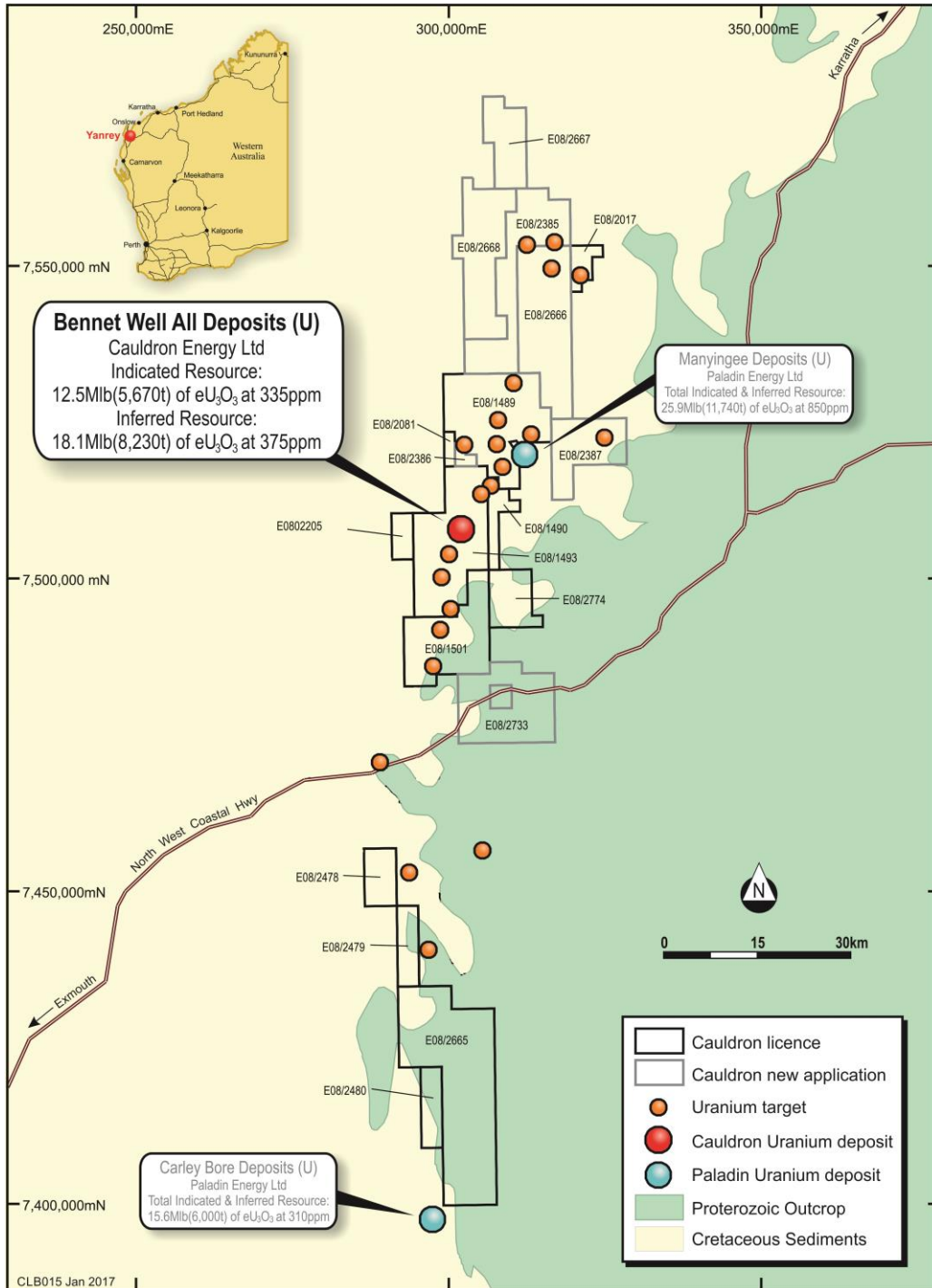


Figure 2: Project summary

Disclosure Statements

Competent Person Statement

The information in this report that relates to exploration results is based on information compiled by Mr Jess Oram, who was Exploration Manager of Cauldron Energy on the date of publication. Mr Oram is a Member of the Australasian Institute of Geoscientists who 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.

The information in this report that relates to the Mineral Resource for the Bennet Well Uranium Deposit is based on information compiled by Mr Jess Oram, Exploration Manager of Cauldron Energy and Mr Stephen Hyland, who is a Principal Consultant of Ravensgate. Mr Oram is a Member of the Australasian Institute of Geoscientists and Mr Hyland is a Fellow of the Australasian Institute of Mining and Metallurgy. 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 and Mr Hyland consent to the inclusion in the report of the matters based on this information in the form and context in which it appears.

