ASX ANNOUNCEMENT
31 July 2023

EXERCISE OF OPTION TO ACQUIRE KEY MELROSE PROJECT TENEMENT E70/6160

Positive Due Diligence Completed demonstrating high potential for Nickel-Copper-PGE discovery and strong landowner support

Key Points

- Cauldron has completed its legal and technical due diligence over E70/6160 and has formally notified the vendor of its acquisition, resulting in the payment of $10,000 cash plus the issue of 20 million fully paid ordinary shares in Cauldron.
- E70/6160 is the centrepiece of Cauldron's Melrose Nickel-Copper-PGE Project, which lies near to the western margin of the Yilgarn Craton, ~125kms north of Chalice's Julimar Project and ~15kms immediately south of Chalice's Barrabarra Project.
- In total, Cauldron's Melrose Project covers an area of approximately 1,507 $km^{2,}$ making the Melrose Project the largest contiguous Nickel-Copper-PGE prospective land-holding in the Barrabarra Greenstone Belt portion of the West Yilgarn Craton; an area which is receiving increased activity by various minerals explorers and is of growing interest to investors.
- As part of its due diligence, Cauldron undertook a thorough review of all historical geological, geochemical and geophysical data. This review highlighted elevated nickel and copper in shallow air-core drill holes co-incident with large magnetic anomalies identified from a regional aeromagnetic survey sourced from WA Department of Mines. The overlapping of data has identified four high-priority targets for immediate follow-up plus several other targets worthy of assessment.
- Inversion modelling of the aerial magnetic survey has confirmed the existence of strongly magnetic bodies lying directly beneath elevated copper and nickel at Targets 01 and 04 (refer CXU 3 July 2023 and 26 July 2023), providing considerable excitement.
- Buoyed by the geophysical results, Cauldron has engaged UTS Geophysics to fly an Electromagnetic Survey EM in early to mid-August over Cauldron's high-priority Targets to better define existing targets, and to help identify new targets for future drilling.
- Anomalous nickel and copper in addition to palladium and platinum in mafic/ultramafic rocks were essential in the discovery by Chalice of the Gonneville Ni-Cu-PGE Deposit at its Julimar Project, which has become one of the largest ortho-magnetic nickel-copper-PGE sulphide deposits in the world.
- In addition, recent positive EM Survey results by Nickel X at their Project lying immediately east of Melrose is further reason for optimism.
- Recent successful site visits and consultation with landowners demonstrating the local support for Cauldron's future work plan was the last step in Cauldron's due diligence program that included consideration of environmental, community and heritage aspects.

Melrose Project

The Melrose Project is located in the Dalwallinu region of Western Australia, approximately 250 km north of Perth (Figure 1).

Figure 1: Location Map - Melrose Project

The Melrose Project covers an area of approximately 1,507 km^2 and comprises E70/6160 covering an area of ~169 km^2 and the area immediately west and south of E70/6160 covering a further area of ~1,338 km^2 (pegged by Cauldron; represented by Applications E70/6463, 6466, 6467, 6468 and 6469).

Of the areas pegged, two have recently been granted (E70/6467 and E70/6468), and three remain as tenement applications (E70/6463, 6466, and 6469).

Cauldron's Melrose Project is the largest contiguous Nickel-Copper-PGE prospective land-holding in the Barrabarra Greenstone Belt portion of the West Yilgarn Craton.

The Melrose Project area is 13 km south of Chalice's Barrabarra Ni-Cu-PGE project. Chalice have described Barrabarra as containing a ~15 km long unexplored interpreted mafic-ultramafic complex, with anomalous Ni-Cu in soils, and a similar geophysical signature to the Julimar Complex. Barrabarra is about 140 km north of Chalice's Julimar project.

Nickel X is another important player in the region, having identified two very strong EM conductors associated with magnetic anomalies that they plan to drill test soon. Both Chalice and Nickel X are targeting Julimar style Ni-Cu-PGE deposits in the region (Figure 2).

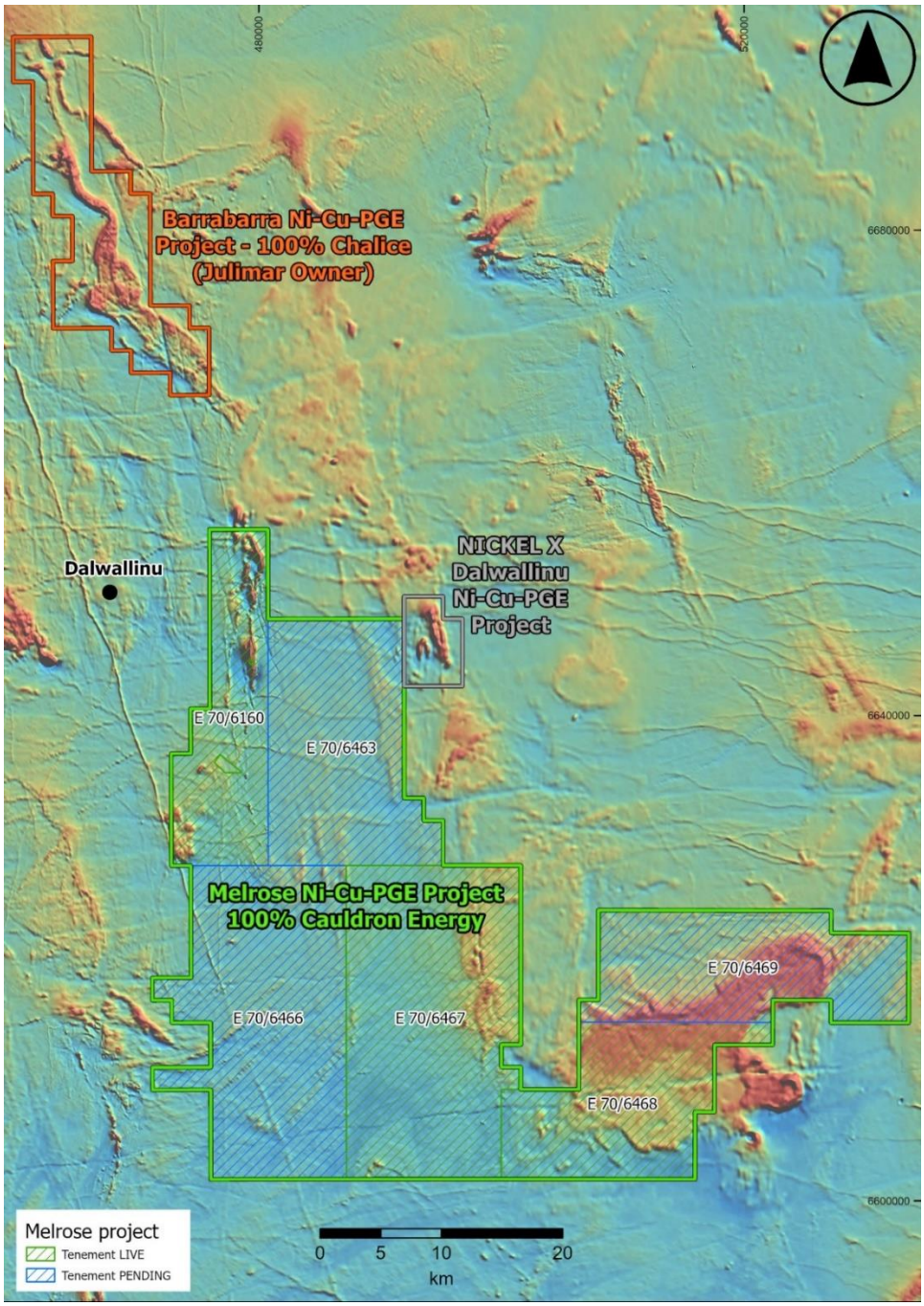

Figure2: Melrose project - nearby projects over regional aeromagnetics, and showing initial Melrose Tenement E70/6160, recently granted new Tenements (E70/6467 and E70/6468) and additional pending tenement applications (E70/6463, E70/6466 and E70/6469)

The Melrose Project area is also known to host historical gold production – at the Pithara gold deposit, discovered by IGO in 2005, which is excised from the Project tenements. In addition, Cauldron's technical team has undertaken a thorough review of the available historical information which has highlighted significant Ni results from first pass reconnaissance Air Core and RAB drilling undertaken by IGO in 2006 in the Project area.

IGO was the first company to undertake gold exploration over the area. IGO drilled ~496 shallow first pass air-core holes, 508 shallow first pass RAB holes, 11 RC holes and 1 diamond hole. Most of these holes were drilled at the Pithara prospect as the exploration focus was centred on the discovery of the Pithara gold deposit (excised area in the centre of the Tenement, refer Figure 6).

After reviewing this historical data, Cauldron has delineated four (4) nickel (Ni) targets, with continuous drill hole intervals assaying from 0.10% to 0.47% Ni, sometimes with accompanying anomalous Cu or Au. (Figures 7 to 11). Since these are first pass reconnaissance drill results in shallow air core drilling, they are highly prospective, with levels similar to those that led to the discovery of other nickel deposits in WA.

Many other untested magnetic anomalies also exist in the Project and recently pegged areas, that could be related to Ni mineralisation.

High-Priority Nickel Targets identified from Historical Exploration

There are four high-priority nickel targets that CXU aims to test as soon as possible, which have been identified from historical air-core drilling geochemistry listed in order of nickel grades.

Target 01: One line of previous Air Core drilling has been drilled across this target, which has a magnetic trend extending over 2km in length north-south and 300m east-west (Figures 5 & 6). Highly anomalous drill results included:

- 19m @ 0.32% Ni from 17m downhole, incl. 4m @ 0.41% from 25m (hole DTR937), and
- 4m @ 0.47% Ni from 25m downhole (hole DTR936)

Target 02: One previous hole (Figures 5 & 7) intersected:

- 12m @ 0.26% Ni from 32m downhole (hole DTR850)

Target 03: Two parallel magnetic anomalies extending over 3km each north-south, with only the eastern one tested by previous Air Core drilling (Figures 5 & 8). Best results were:

- 3m @ 0.19% Ni from 42m downhole (hole DTR931), and
- 2m @ 203 ppb Au from 36m downhole (hole DTR466)

Target 04: A large and complex magnetic anomaly (Figures 5 & 9) extending over 3km with anomalous previous drill results:

- 2m @ 0.13% Ni and 213 ppm Cu from 36m downhole (hole DTR466)
- 8m @ 536 ppm Ni from 36m downhole (hole DTR417), and
- 2m @ 749 ppm Cu from 48m downhole (hole DTR407)

Previously announced Target 01 Geophysical Results

Magnetic inversion modelling performed by Newexco Geophysics has implied the presence of a magnetic body at Target 01 (previously reported ASX: CXU 3 July 2023) (Figure 3).

The top of the magnetic body interpreted to lie between 110m and 160m below surface, which is approximately 60m beneath historic shallow air-core holes, which returned elevated levels of nickel and copper including nickel grades of up to 0.47% (Figures 3 & 4).

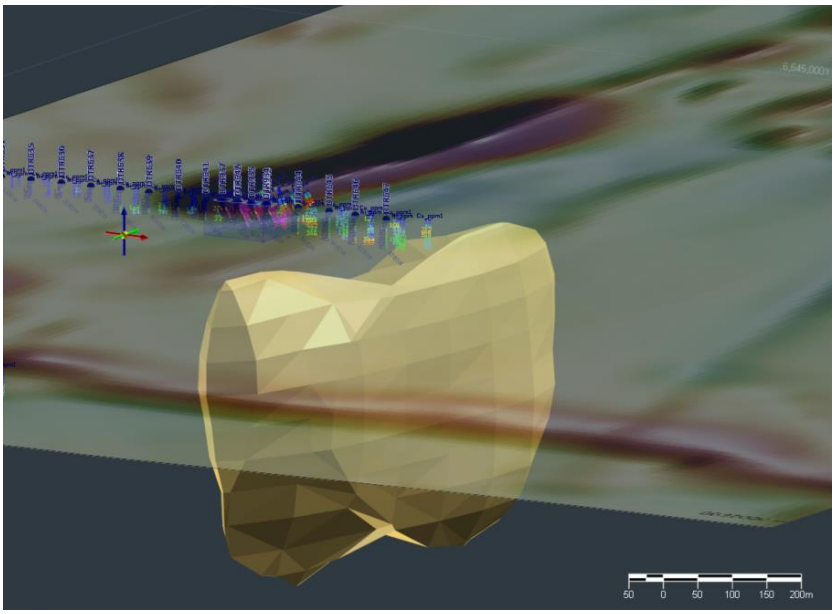

Figure 3: 3D view of the inverted magnetic anomaly at Target 01, including the air-core drill holes and original magnetic survey image before inversion (shaded).

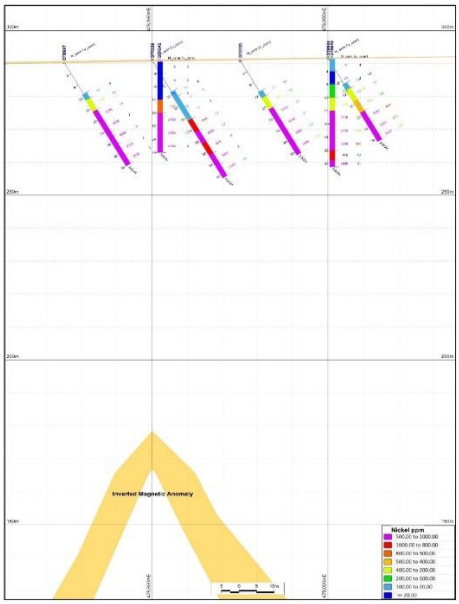

Figure 4. showing anomalous nickel and copper air-core drill hole intervals in relation to the interpreted magnetic body

The magnetic inversion results for Target 01 are interpreted to be robust since several inversion models were run by Newexco, each yielding consistent susceptibilities and geometries.

Previously announced Target 04 Geophysical Results

Magnetic inversion modelling performed by Newexco Geophysics has modelled the presence of a magnetic body at Target 04 (refer ASX: CXU 26 July 2023), (Figure 5).

The top of the magnetic body interpreted to lie at approximately 184 metres below surface, around 150 metres beneath historic shallow air-core holes, which returned elevated levels of copper (750ppm) and nickel (592ppm).

The alignment of the modelled magnetic body with the Ni and Cu geochemical anomaly and the interpreted mafic-ultramafic bedrock, provides the Company confidence to drill-test Target 04 at the earliest opportunity. The modelled magnetic body is at similar depth and strike to that at Target 01 (which was also coincident with anomalous drill results from historical shallow air-core drilling).

The magnetic inversion results for Target 04 are interpreted to be robust since several inversion models were run by Newexco, each yielding consistent susceptibilities and geometries.

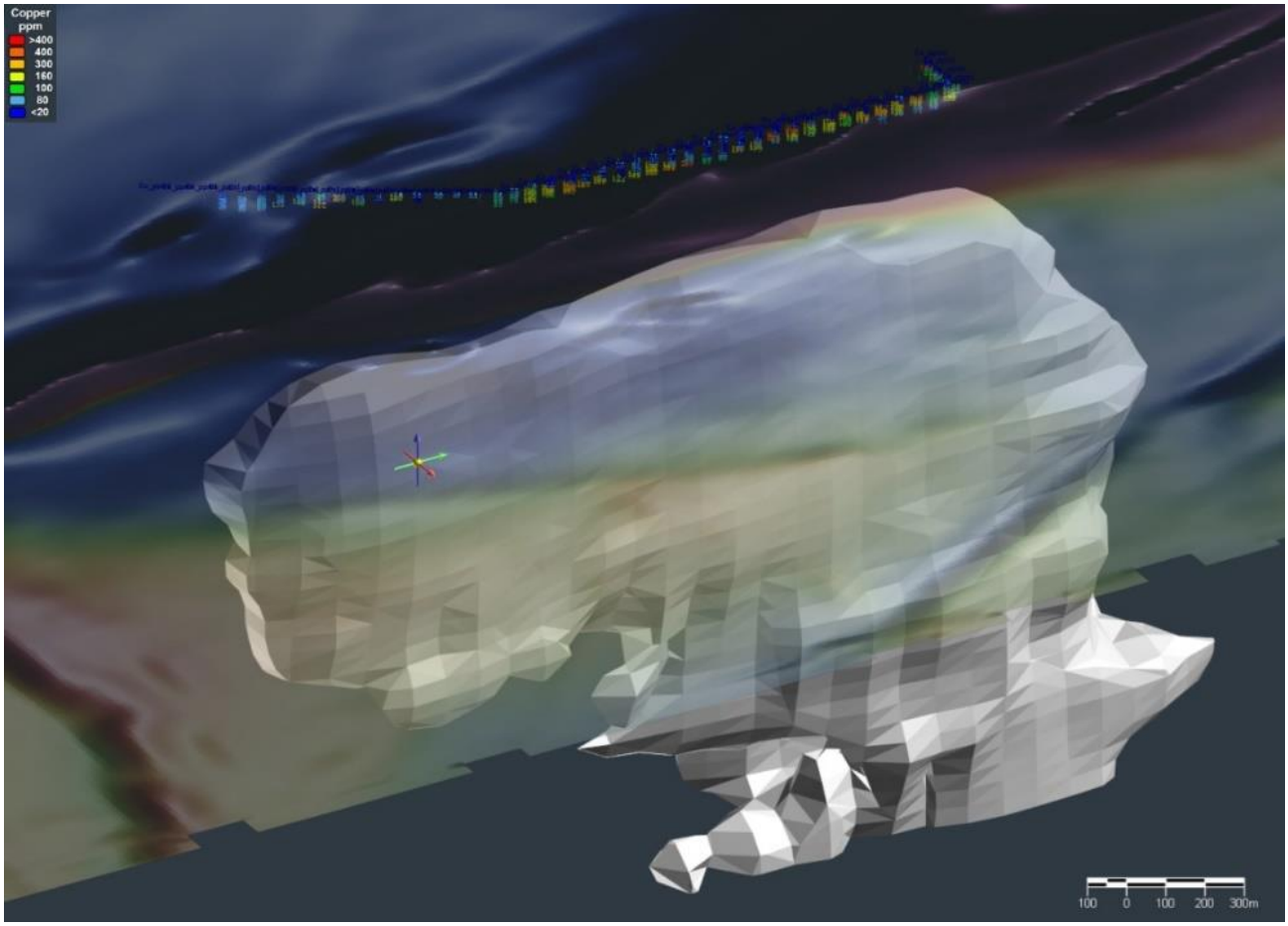

Figure 5: 3D view of the inverted magnetic anomaly at Target 04, including the air-core drill holes and original magnetic survey image before inversion (shaded).

Recent Due Diligence Site visit

Cauldron CEO Jonathan Fisher and Exploration Manager Angelo Socio recently undertook a comprehensive site visit to meet with local landowners and to also meet with representatives from the local Shire of Dalwallinu and other local organisations. Some photos of the visit are included below. See Images 1 to 5.

As the area is under Freehold Land, where the local landowners have green title to their farms; forming strong relationships with the local farmers is extremely important and a critical component of the Company's due diligence program.

The Company is extremely pleased with the highly supportive local community and landowner environment and looks forward to working with all stakeholders to progress the Melrose Project.

Images 1 to 5. Photos from recent visit to the Project, mid July 2023, showing Jonathan Fisher, Angelo Socio and various of the local landowners

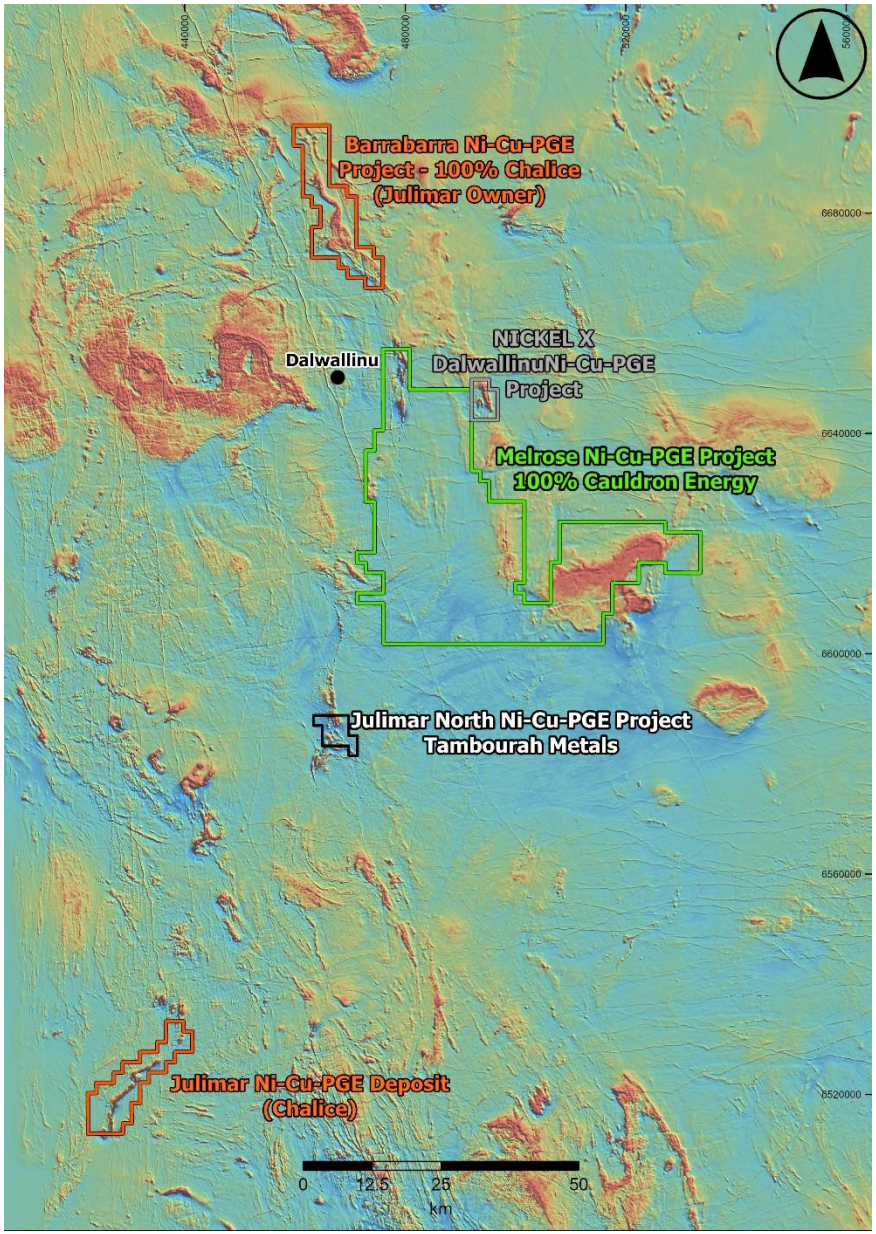

Figure 6: Main explorers in the West Yilgarn Ni-Cu-PGE province

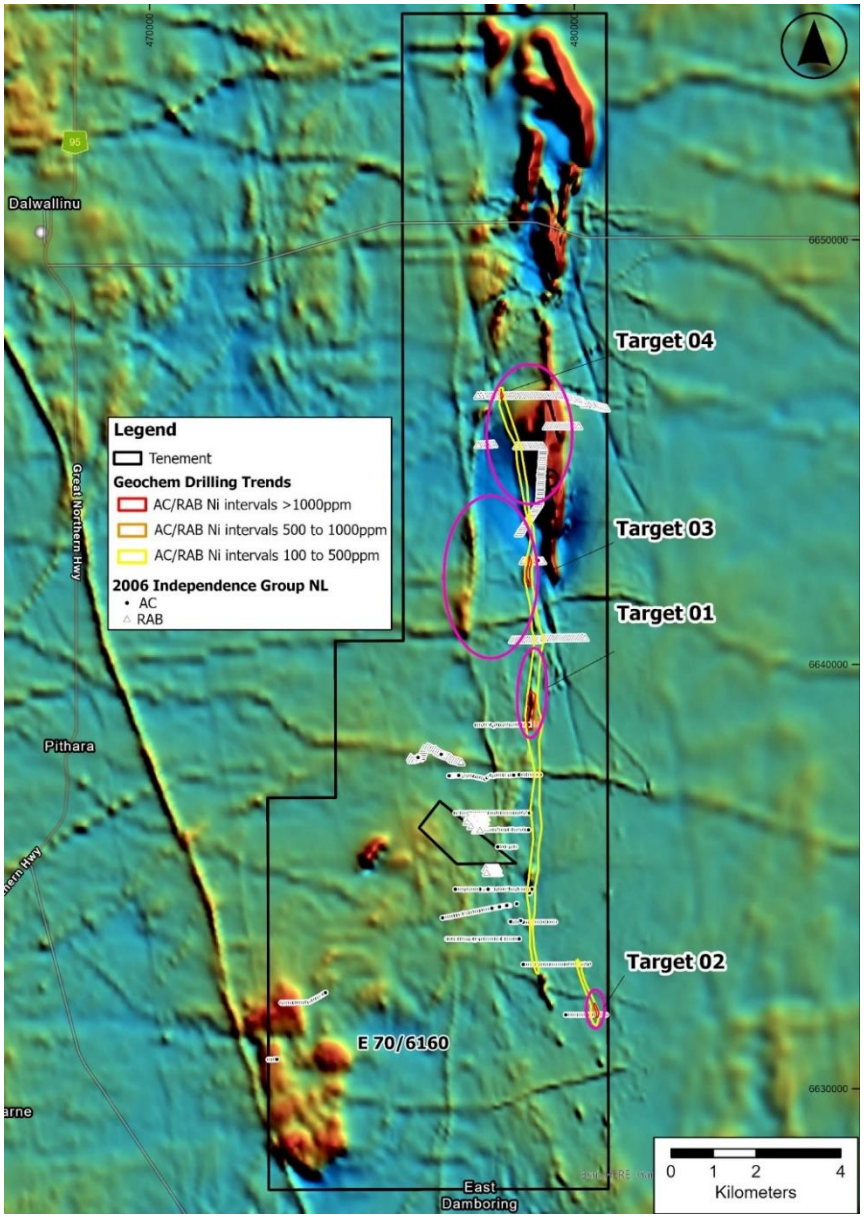

Figure 7: Melrose Project nickel targets

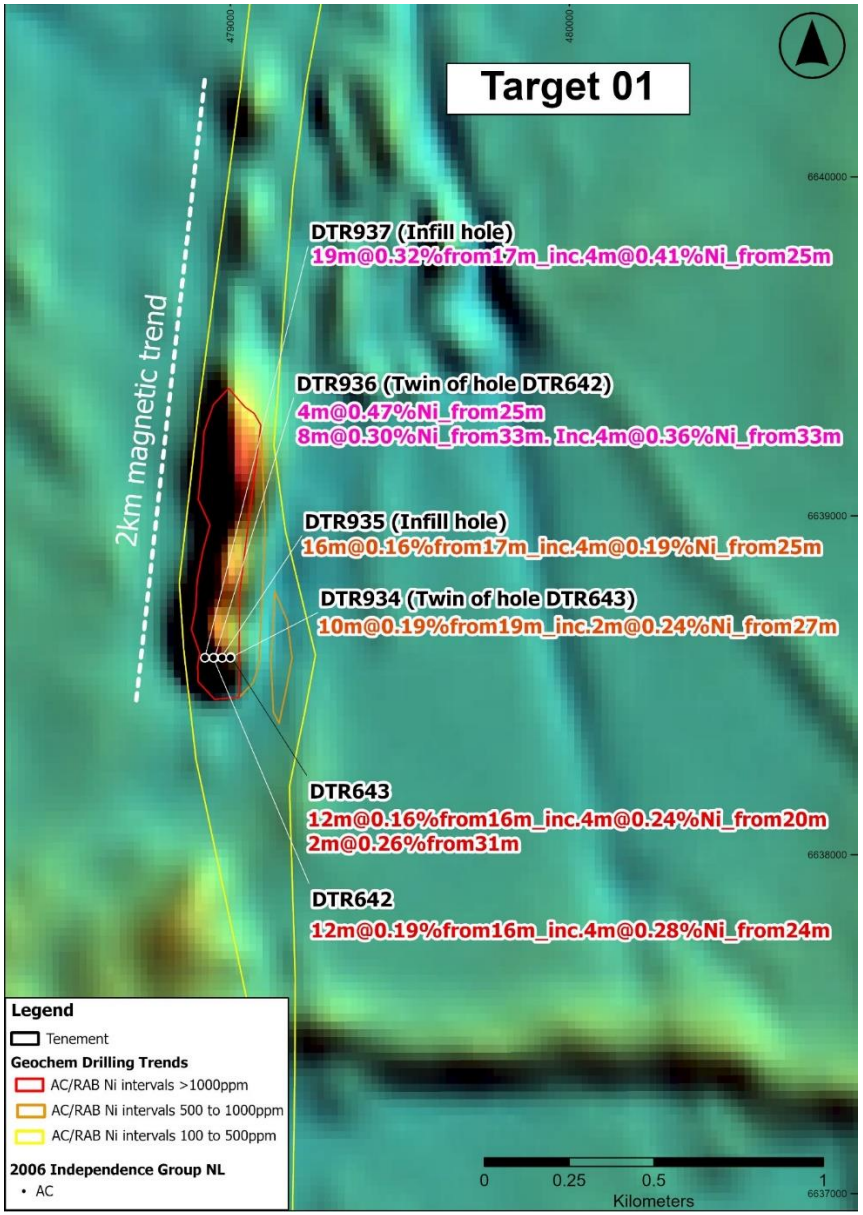

Figure 8: Target 01 details

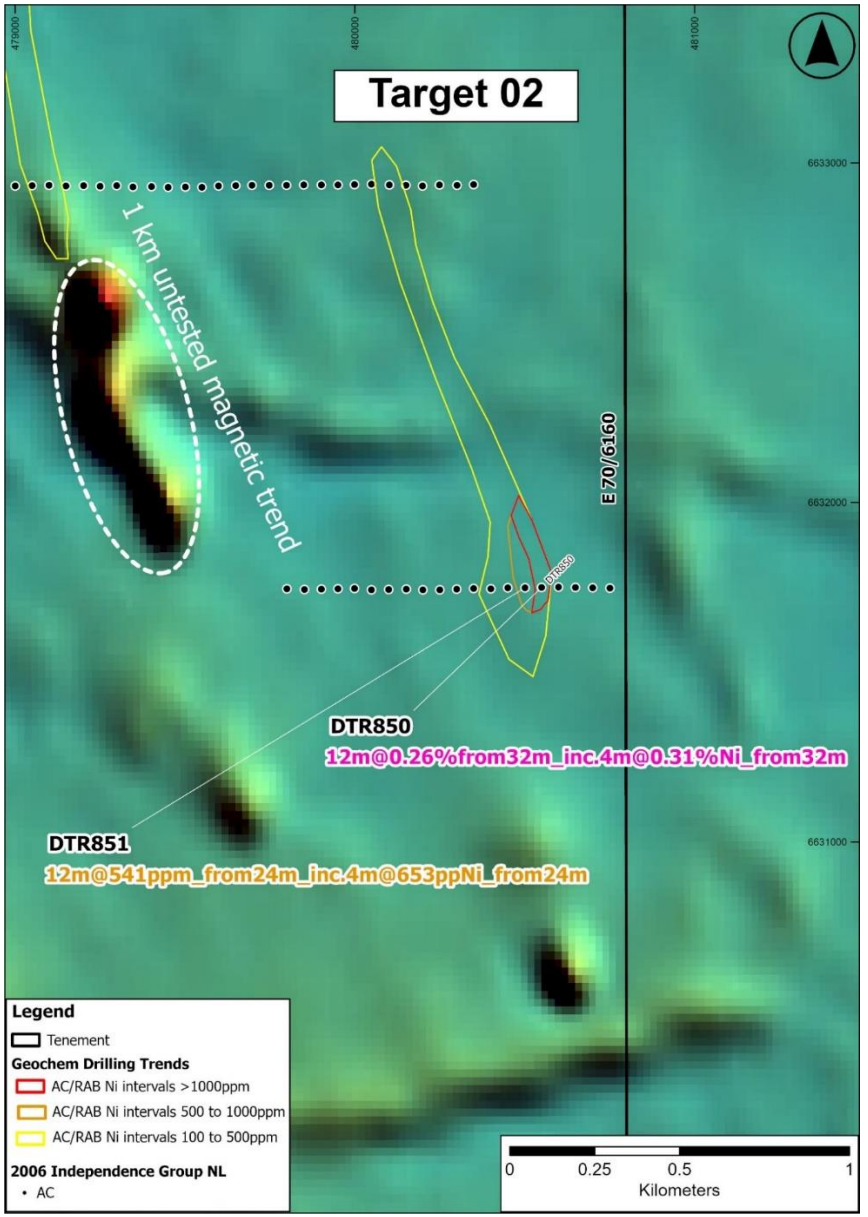

Figure 9: Target 02 details

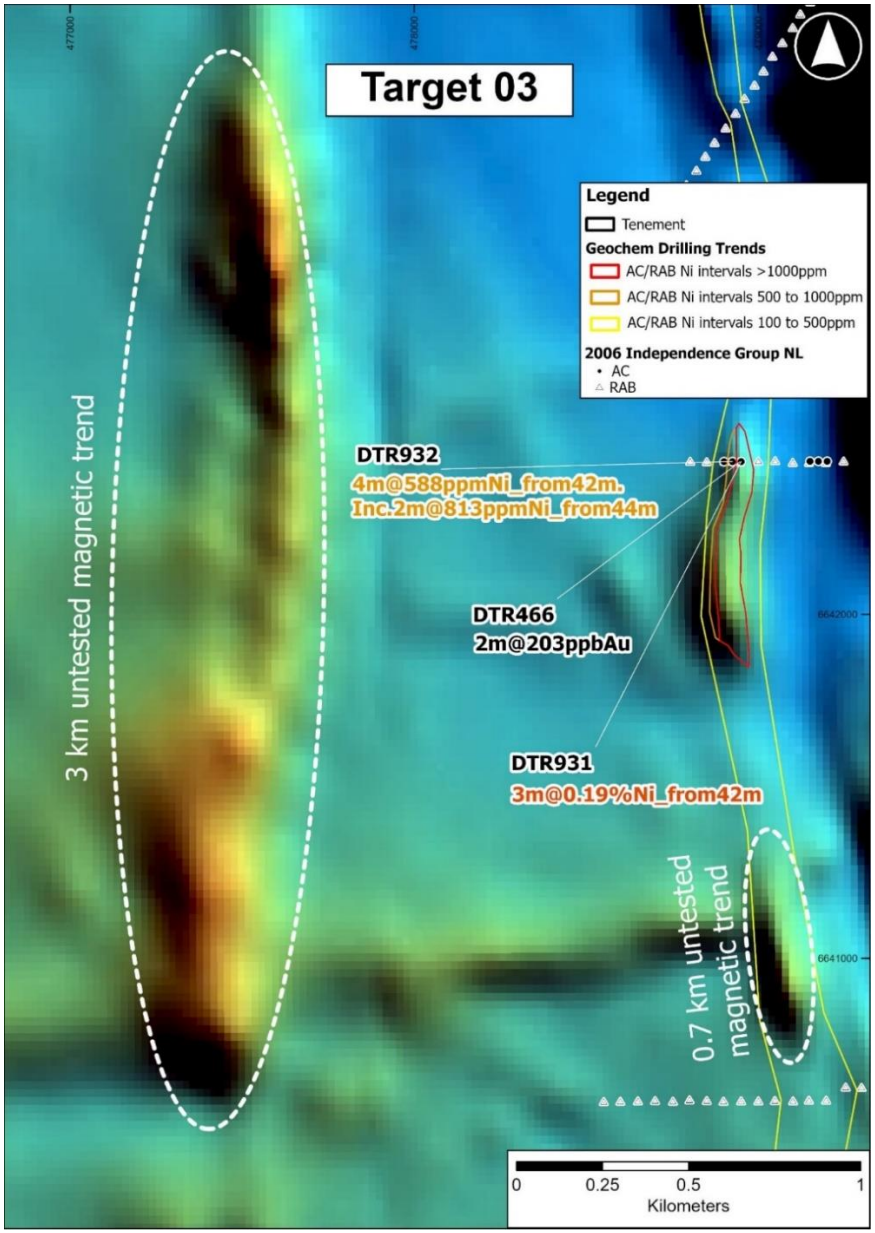

Figure 10: Target 03 details

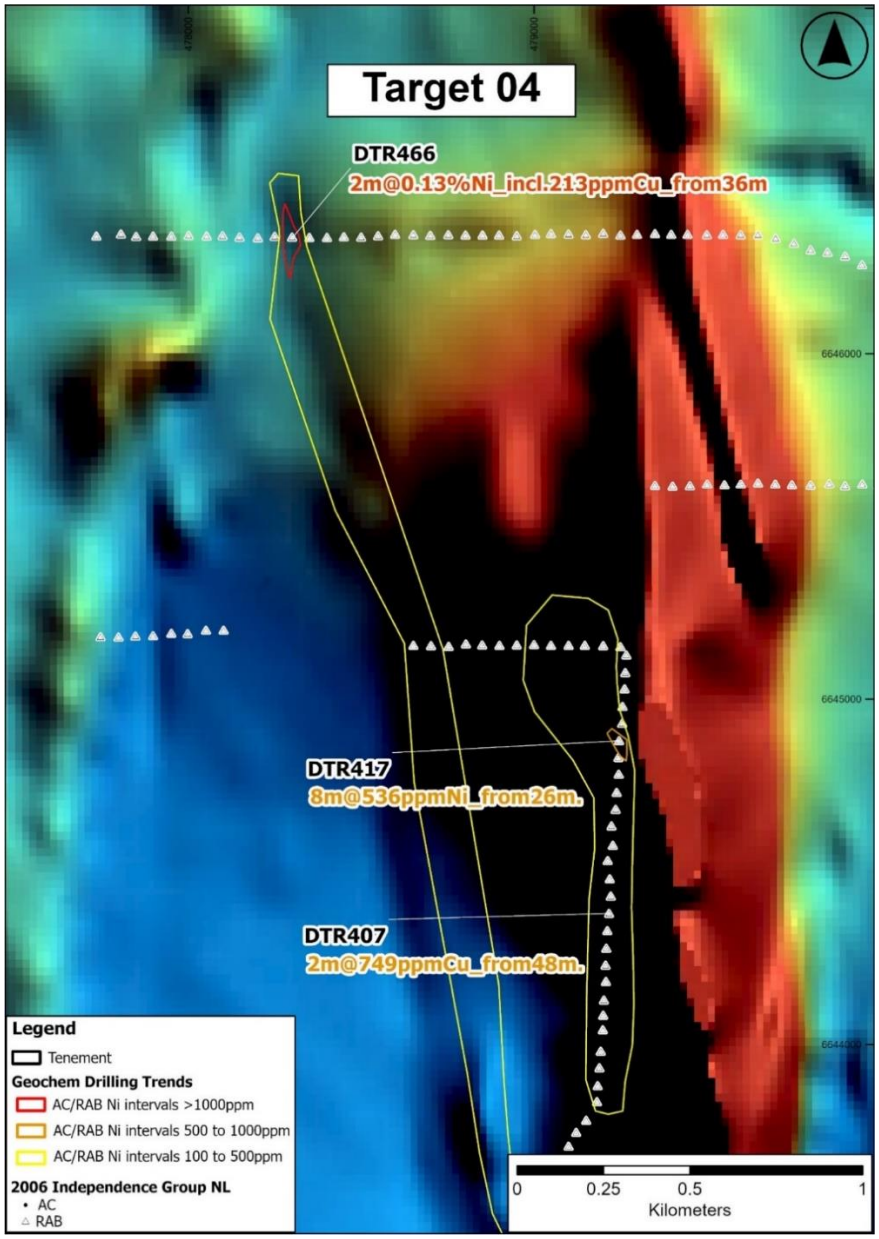

Figure 11: Target 04 details

Cauldron's Chief Executive Officer, Jonathan Fisher commented on the completion of due diligence and decision to acquire E70/6160:

"*We are excited to be able to secure such a large land-holding in the highly prospective West Yilgarn region of Western Australia – a region which has recently become very competitive for securing quality tenements. We believe the potential of the Melrose Project is significant – and could be 'Company Maker'. The fact that it lies near to Perth and has strong local landowner support are added advantages.*

E70/6160 is the centrepiece of the Melrose Project and is home to Targets 01 and 04 which demonstrate co-incident magnetic responses directly beneath elevated nickel and copper in wide-spaced shallow historic air-core drilling. Its acquisition is core to our project plans.

We look forward to the upcoming Electromagnetic EM Survey which is expected to be flown in early to mid-August; to be used to confirm our initial drilling targets.

With each step forward our confidence grows that Melrose will be a source of significant near-term value for the Company."

Authorisation For Release

Authorised for release by Ian Mulholland, Non-Executive Chairperson of Cauldron Energy Limited

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Competent Person Statement

The information in this report that relates to exploration results of the Melrose Project is extracted from reports released to the Australian Securities Exchange (ASX) listed in the table below and which are available to view at www.cauldroneneergy.com.au and for which Competent Persons' consents were obtained. The Competent Persons' consents remain in place for subsequent releases by the Company of the same information in the same form and context, until the consent is withdrawn or replaced by a subsequent report and accompanying consent. The Company confirms that is not aware of any new information or data that materially affects the information included in the original ASX announcements released.

Unless otherwise stated, where reference is made to previous releases of exploration results in this announcement, the Company confirms that it is not aware of any new information or data that materially affects the information included in those announcements and all material assumptions and technical parameters underpinning the exploration results included in those announcements continue to apply and have not materially changed.

Date of Release	Title
11-May-2023	Option over Melrose Project, Dalwalinu, WA
11-May-2023	Additional Information - Melrose Project
03-Jul-2023	Highly promising Geophysical Response at Melrose Project
26-Jul-2023	Another Highly promising Geophysical Response at Melrose Project

Forward Looking Statements

This market update may include forward-looking statements, based on Cauldron's expectations and beliefs concerning future events. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of Cauldron, which could cause actual results to differ materially from such statements. Cauldron makes no undertaking to subsequently update or revise the forward-looking statements made in this announcement, to reflect the circumstances or events after the date of the announcement.