

UPDATE FROM THE CEO

Dear Shareholder

I am writing to you today to provide an update on the business and prospects of Cauldron, given it has been a particularly busy time for the Company and further, there have been significant changes in the global commodity markets which, in our view, impact positively on Cauldron. With significantly increased trading in our stock in the recent couple of months, and our capital raise recently announced, I know there will be a number of existing and new shareholders keen for an update!

I would like to take the opportunity to explain in detail how all these factors are coming together; to create a strong and exciting future for your Company.

Once again, I thank our existing shareholders for their continued support and welcome our new shareholders that have joined the register recently. Together with your support we look forward to continuing to work to make “the new CXU” a success.

With so much going on, I have split this CEO update into the following sections:

1. Uranium Market Update
2. Yanrey Uranium Project Update – Scoping Study and Drill Campaign
3. Melrose EM Survey and Drill Campaign Planning
4. Asset sale update
5. Corporate (incl recent capital raising)

1. Uranium Market Update

The global “bull market” for uranium

Cauldron’s Yanrey Uranium Project is host to the Bennett Well Deposit which contains a Mineral Resource Estimate of 38.9Mt at 360ppm U₃O₈, for total contained uranium-oxide of 30.9Mlb (13,990t) at 150ppm cut-off (see Appendix A), making it the 5th largest uranium mineral resource in Western Australia.

The current sentiment for uranium is extremely positive driven by a strong nuclear renaissance which is underway globally. Nuclear power (fuelled by uranium) is seen by many countries as the only practical way of delivering on their net zero obligations.

Uranium has performed extremely strongly in recent months, trading through a key barrier of US\$70 per pound, to a decade high level, see graph below, before settling back a little in most recent trading.



Source: *Trading Economics*

Overall there currently exists significant concern about a structural deficit in supply in the uranium market, giving rise to an expected continuation of a strong uranium price driven by a broad range of factors including:

- New nuclear reactor builds (data on this is very well known and available from the World Nuclear Association) – as the global nuclear renaissance continues, more new reactors are either announced as under construction, or in various stages of planning and approval;
- Restarts of previously idled nuclear reactors, such as those in Japan;
- Existing operating nuclear reactors having their life extended; this means that more uranium than was previously expected will be required. For example, France has just announced a significant programme of nuclear reactor life extensions;
- Reduction going forward in the level of secondary uranium sources available in the market (for many years, the market has relied on secondary sources to cover demand);
- A slow response from the uranium supply market; with market pricing not yet reaching a level which is expected to incentivise new supply into the market;
- Geopolitical issues and a potential bifurcation of the nuclear supply chain including uranium mining; driven by the Russian invasion of Ukraine and further exacerbated by the recent coup in Niger.
- Production difficulties at existing operations. Cameco Corporation, one of the world's largest producers of uranium accounting for an estimated 16% of global production, has released revised production guidance recently stating that it will produce approximately 2.7 million pounds less this year than previous guidance¹. Cameco also noted that it may be forced to buy physical uranium on the market in order to meet the delivery commitments to its customers, likely reducing inventories available for other spot purchasers of uranium.
- Redirection of uranium production away from the spot market – recent reports suggest that BHP Olympic Dam, historically a major supplier of uranium to the spot market, may no longer supply that market, instead directing its production on a contracted basis.² Reduction of volume in the spot market is expected to increase volatility and generate further upward price pressure in the spot price of uranium.

¹ <https://www.cameco.com/media/news/cameco-provides-production-and-market-update> (September 2023)

² see <https://greeninvesting.co/2023/09/olympic-dam-uranium-not-going-to-spot-market-report/>

- Expected impacts of physical uranium trusts, the largest of which is Sprott. As momentum builds in the uranium markets, the physical trusts may trade above their net asset value; allowing them to issue further units in the trust and buy more physical uranium inventories. Such activity can end up having a significant impact on spot uranium price.

This structural deficit in supply existing in the uranium market suggests that the price must increase towards a new equilibrium to enable new production to come on-line.

With such interest in the uranium market and its fundamentals; the Company expects that investors are looking for leverage to the expected positive uranium market momentum. We continue to highlight to investment markets the attractive current entry price Yanrey provides for exposure to the fundamental uranium market.

Bifurcation in the market and concerns over future Russian uranium supply

Russia's unprovoked invasion of Ukraine in 2022 has exacerbated existing security of supply concerns across several commodities. As noted above, this issue significantly affects uranium, as Russia is a globally significant supplier of uranium.

Russia has been hit with a huge number of sanctions, but as yet these have not yet been applied to uranium, as Western utilities have needed time to work out alternative sources of supply. It is expected that in due course, sanctions may well extend to uranium.

Such geopolitical concerns around future supply of Uranium from Russia have led to significantly increased interest in potential "Western" sources of uranium supply, and obviously Australia is well positioned to take advantage given Australia has the world's largest resources of uranium (*source: World Nuclear Association*); and is a strong ally of Western countries. In many other commodities, Australia is considered the world leader in mining, and hence there is the potential that this world leading position could extend to uranium mining as well, if changes in long term policies are made to match the evolving global dynamic.

Investors looking to get long term exposure to future western friendly uranium supply could therefore be attracted to Australia; and potentially to Cauldron. Management is therefore strongly of the view that Yanrey continues to be a valuable asset for the Company.

The national debate on nuclear energy for commercial purposes

Globally the nuclear renaissance is underway, as many countries look to increase their exposure to nuclear energy in order to provide base load, zero carbon megawatt hours. Nuclear is often not seen as an alternative to renewables, but as a complement, and evidence suggests some policies are being adapted to roll back a projected reliance on renewables to a more balanced strategy that recognises the need for both technologies.

The debate around uranium and nuclear is now well underway at a federal level in Australia, with the Liberal Party making it clear that nuclear will be central to its future energy policy whilst the Federal Labor Government continues to pursue an anti-nuclear policy.

Mainstream media has been reporting on the increased dialogue on the nuclear debate, with numerous stories having recently run in the Australian Financial Review, The Australian, and other leading masthead newspapers. Notably this has included substantial discussion on the CSIRO Gencost modelling and the manner in which it is being used. This media exposure is seemingly resulting in increased interest from investors in uranium listed companies that are leveraged to the nuclear and uranium debate, Cauldron being one.

I have been ensuring I am front and centre of the debate with respect to nuclear in Australia and uranium mining in WA. This has included writing several media articles, radio interviews and other media appearance such as podcasts, which I would urge shareholders to review, links to which can be found in our social media platforms. In particular I would like to draw your attention to the recent Money of Mine podcast from 27 September 2023 which provides a good summary of my views on various aspects of the debate available on our website.

Uranium mining in Western Australia and Recent Polling Results

The opportunity for increased uranium mining in Australia to feed the global nuclear renaissance is seen by many as a logical first step for Australia. Regardless of whether there is a change in Federal Government at the next election to one with a policy which provides a pathway to reactors being installed in Australia, an expansion in uranium mining in Australia can occur, with uranium sold on world markets to approved international purchasers.

Changes in government policy to evolve and meet the changing international landscape are occurring in the uranium mining space as well as the nuclear generation space. Recently, Sweden announced that it would be ending its ban on uranium mining. Demonstration by other jurisdictions that policies are changing to meet the needs of the market may give investors some comfort that Western Australia may indeed change its policy in the not too distant future. The Company notes that a change in policy could come about by the WA Labor Government changing its policy, or by a change in the government of WA (with the next WA election slated for March 2025), with the WA Liberal Party on record as being in support of uranium mining in Western Australia.

As previously discussed in my last shareholder letter, the successful implementation of the AUKUS submarine structure, which will see half of the proposed Australian nuclear submarine fleet being home ported near Perth in Western Australia, and building out of a nuclear qualified workforce in Western Australia, would seemingly place the policy on banning uranium mining in a precarious logical context.

Recent polling commissioned by the Minerals Council of Australia and conducted by polling group Insightfully highlights how the current uranium mining ban in WA is unpopular. In the survey of 866 West Australians, 49% supported uranium mining compared to only 16% who opposed it. The remaining 35% were neutral on the issue or did not have a position.³

Management looks forward to further attention to this issue and discussion, and indeed further polling addressing this specific issue. It is our view that the uranium mining policy remains unpopular in WA; which is not surprising given WA is a strongly promising State.

Given Cauldron's only current uranium exposure is in Western Australia, the value ascribed by the market to its Yanrey uranium asset was significantly negatively impacted in 2017 when the WA Labor government implemented its uranium mining ban. This issue is therefore very important to the future value of your Company.

The WA Liberal party have been on record as being supportive of uranium mining in the State, and management clearly supports this stance.

We further note recent polling showing significant improvement in WA Liberal approval ratings and a coincident decline in polling support for the WA Government, culminating in a "shock poll" in July 2023 showing WA Labor actually behind.⁴

We would urge all voters to consider their stance on uranium mining in WA and to let their local members of Parliament know their view in the lead up to the next election.



Cauldron CEO Jonathan Fisher at WA Parliament House for briefings on uranium policy

³ "Public digs uranium mines" The West Australian newspaper, Tuesday 19 September 2023, p.4

⁴ "Premier Cook urges Cabinet be humble after shock poll shows tumbling voter support for Labor", West Australian newspaper, Tuesday 25 July 2023 referring a poll conducted by Utting.

2. Yanrey Uranium Project Update - Scoping Study and Drill Campaign

Scoping study

Exploration activity at Yanrey to date has delivered the following:

- A Mineral Resource (JORC 2012) at Bennet Well containing 30.9 million pounds of uranium oxide, comprising 38.9 Mt grading 360 ppm eU₃O₈⁵ using a cut-off of 150 ppm eU₃O₈ (Indicated: 21.9 Mt @ 375 ppm e U₃O₈, Inferred: 16.9 Mt @ 335 ppm e U₃O₈) (see Appendix A),
- An Exploration Target⁶ for the Yanrey project area of between 21 million pounds and 53 million pounds of uranium oxide grading between 300 and 600 ppm U₃O₈,
- Eleven⁶ favourable palaeochannels in the Yanrey project area all capable of hosting uranium mineralisation, and
- A robust exploration model capable of quickly and efficiently targeting economic zones of uranium mineralisation.

Project activities completed at Bennet Well have delivered:

- Proven understanding of a favourable host setting for InSitu Recovery (ISR) type mining extraction; where a permeable host unit to mineralisation is overlain by an impermeable sediment that will act as a seal for ISR-type mining fluids,
- Confirmation of a lack of carbonate mineralogy, and the ability to extract uranium via an acid leachate with high extraction rates⁷,
- Correlation of uranium mineralogy between ANSTO (2014) and CSIRO (2017) metallurgical test work programs⁷,
- Suitable resin identified for use in the ion exchange process of uranium extraction during future field leach trials⁷, and
- Predictive transport and hydrological models that identified key reactions for the control of mining fluids.

This work will now be brought together into a project scale Scoping Study over the next few months. Work on the scoping study is already well advanced.

Planning for future drill campaign

The Company has developed an exploration model for the Yanrey project, and previously identified several targets for potential resource extension⁶. Drilling is planned over some of these targets in the coming months, with the aim of extending the potential project mineral resource, dependent on field access and seasonal climatic conditions.

3. Melrose Project (Nickel-Copper-PGE) – EM Survey successful; Preparing for Drilling

Cauldron's Melrose Project lies in the highly prospective West-Yilgarn Craton, which is host to Chalice's 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. It is very well located from a logistical perspective, near the town of Dalwallinu, and only three hours drive from Perth along the Great Northern highway.

Cauldron has recently completed an Electromagnetic (EM) Survey over several areas of interest, including Targets 01 and 04, where magnetic inversion modelling has defined large magnetic anomalies lying directly below shallow historical air-core drill-holes which returned elevated levels of nickel and copper.

⁵ eU₃O₈ means equivalent U₃O₈, based on a correlation between downhole gamma readings and assayed drill core

⁶ See ASX announcement (ASX: CXU 22 September 2015)

⁷ See ASX announcement (ASX: CXU 25 May 2017)

In total, the survey consisted of 361.3 line kilometres comprising 105 E-W lines, spacing 150 metres N-S from each other. Some infill at 75m line spacing was included in the survey.

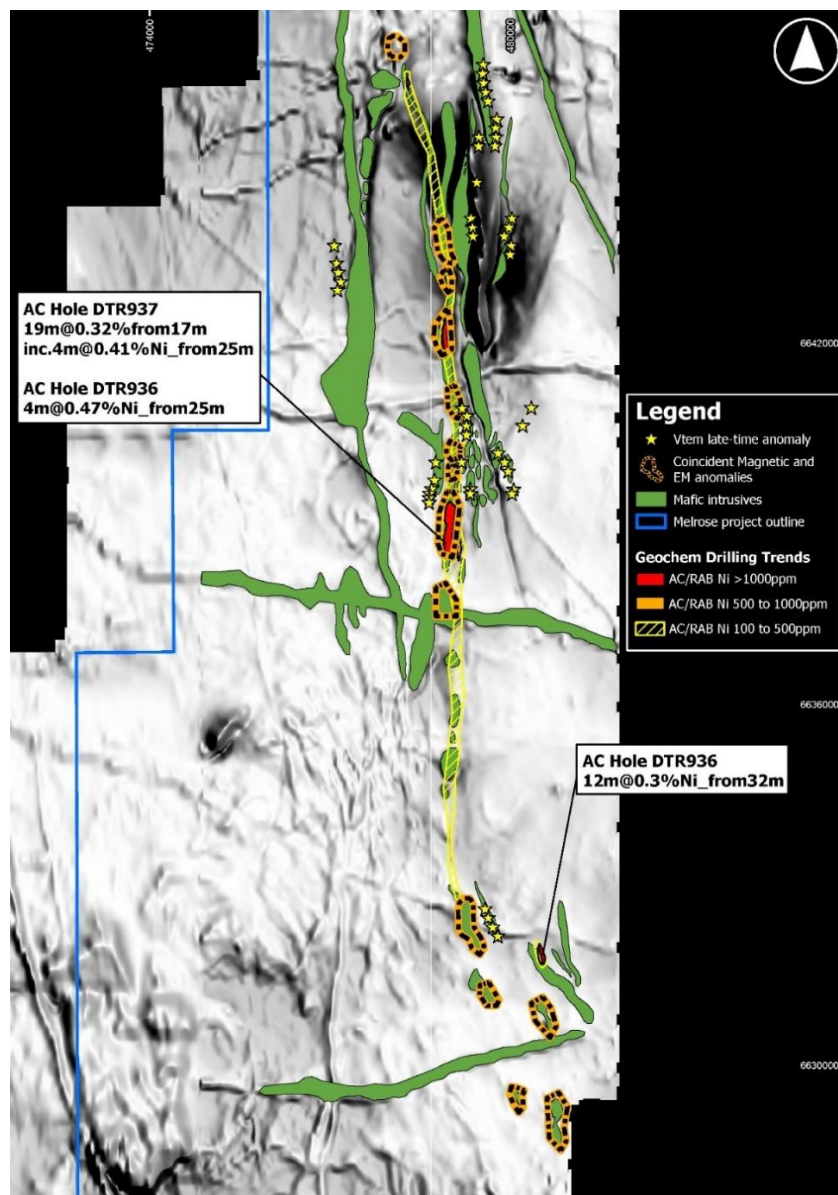


Figure 1: Coincident EM and Magnetic anomalies along a linear trend, with geochemical anomalies also shown over a background of grey-scale aeromagnetics

As shown in Figure 1 above, a linear trend of coincident trend of magnetic, geochemical, and now EM targets has emerged. It is hypothesised that the magnetic and geochemical signatures indicate mafic/ultramafic intrusive rocks potentially carrying nickel-copper-PGE mineralisation, and that the EM anomalies indicate zones where more conductive sulphides might be present.

Target 01 is a 1km long zone of anomalous geochemistry (>1,000ppm Ni) with a coincident magnetic and EM anomaly. Previous drilling there returned 19m @ 0.32% Ni from 17m depth and 4m @ 0.47% Ni from 25m depth. Target 3, further north, shows similar features. The previous geochemical drilling coverage was quite sparse, so it is highly likely further targets will be produced with drilling; with drilling using a combination of air-core and RC planned to occur as soon as access can be gained after the agricultural cropping season, probably within the next two months.

I am pleased to confirm that the survey was flown without incident by Geotechnical Airborne and thank them for their hard work. Whilst on site for the survey, we continued our positive local community engagement; and look forward to getting back on site to continue with development of the Project. On the next page are various recent pictures from Melrose:



Above: Cauldron CEO Jonathan Fisher with the Geotech Airborne team at the Dalwallinu air strip



Above: One of the roads in the tenement area



Above: Helicopter with the EM rig taking off

4. Asset Sale Update

Blackwood Gold

As we announced on 5 September 2023, Cauldron has executed a sale and purchase agreement for the Blackwood Gold Project that realises \$300,000 cash for its 51% interest, with \$200,000 having been received, and the balance of \$100,000 to be received by end August 2024.

This followed a strategic review that determined the Blackwood Gold Project did not fit within the new strategy of the Company to focus on minerals critical to the global decarbonisation strategy (“Exploring the Energy Transition.”)

This is a favourable outcome for the Company and demonstrates that the Company is successfully delivering on its turnaround strategy .

Sand Tenements

The Company continues to liaise with interested parties with a view to realising value from our WA sand tenements, which have been identified as non-core to the company’s new strategy. We will update the market as discussions progress.

5. Corporate

Recent capital raising

The Company has recently conducted a capital raising of approx. \$1.6M to fund its future operations (see ASX announcement ASX:CXU 6 October 2023). There are several aspects to this raising that I wish to highlight:

- Very small placement of ~\$198K relative to Rights Issue of ~\$1.427M. This was specifically designed to ensure existing shareholders had the maximum opportunity to participate in the Offer. A small placement was deemed necessary for prudent working capital management.
- Renounceable Rights issue structure – Understanding that not all shareholders may have the capacity to participate, this ensures those who do not have the ability to participate in the raising can sell their rights and hence recognise some value. This provides the absolute fairest mechanism to ensure alignment between new and existing shareholders and the Company.
- The raising was conducted by Canaccord and Cumulus Wealth, both of whom the Company has longstanding relationships with.

Other corporate updates

With the Company’s new website now active, this completes the recent rebranding of the Company.

Our new corporate team, consisting of Ian Mulholland (Non-Executive Chairman), myself (CEO), Michael Fry (Executive Director, CFO, CoSec) and Angelo Socio (Exploration Manager) continue to review opportunities for additional project acquisitions. Whilst we are relatively content with our existing project portfolio, we believe it is incumbent on management to be alive to opportunities that enhance the Company. Thus, we are being measured and diligent in our assessment of new project opportunities and will only look to secure an additional project which we consider is truly value adding and fits with our strategy. We will update the market at the appropriate time should we identify a project worth pursuing.

The Company has been working hard to inform the market about our strategic direction, and to increase shareholder engagement; particularly the attractiveness and prospectivity of the Yanrey and Melrose projects.

As part of this, I have significantly increased outbound investor marketing activities which can be seen on various web-based platforms (incl LinkedIn, Twitter / X, HotCopper). We have been tracking increased interest through these activities as well as through our new website, and we are seeing a significant increase in the number of persons viewing our information and engaging with us.

To all shareholders that I have spoken with personally in the last few months, I hope our progress is recognised and you stay the course as we transform the Company. To any shareholders or other stakeholders, as always please feel free to contact me personally on Jonathan.fisher@cauldronenergy.com.au should you wish to discuss our Company further.

I look forward to providing you with further updates on Cauldron's progress throughout the year.

Yours sincerely,

JONATHAN FISHER
CHIEF EXECUTIVE OFFICER

For further information:

Shareholders and Investors are invited to follow the Company on LinkedIn ([here](#)), X / Twitter through @cxuasx ([here](#)), or sign up to the Mailchimp list through www.cauldronenergy.com.au

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Forward Looking Statements

This letter may contain forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Cauldron Energy Limited's business plans, intentions, opportunities, expectations, capabilities and other statements that are not historical facts. Forward-looking statements include those containing such words as could-plan-target-estimate-forecast-anticipate-indicate-expect-intend-may-potential-should or similar expressions. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, and which could cause actual results to differ from those expressed in this market update. Because actual results might differ materially to the information in this report, the Company does not make, and this report should not be relied upon as, any representation or warranty as to the accuracy, or reasonableness, of the underlying assumptions and uncertainties. Investors are cautioned to view all forward-looking statements with caution and to not place undue reliance on such statements.

APPENDIX A

Bennet Well Mineral Resource

A Mineral Resource (JORC 2012) for the mineralisation at Bennet Well was completed by Ravensgate Mining Industry Consultants (Ravensgate) in 2015 and is based on information compiled by Mr Jess Oram, Executive Director of Cauldron Energy and Mr Stephen Hyland, who was 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.

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 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 (JORC 2012) at various cut-off

Deposit	Cut-off (ppm eU ₃ O ₈)	Deposit Mass (t)	Deposit Grade (ppm eU ₃ O ₈)	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	Cut-off (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	Cut-off (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

Competent Person Statements

Mineral Resource Estimates

The information in this report that relates to Mineral Resources for the Bennett Well Deposit is extracted from a report released to the Australian Securities Exchange (ASX) on 17 December 2015 titled "Substantial Increase in Tonnes and Grade Confirms Bennet Well as Globally Significant ISR Project" and available to view at www.cauldronenergy.com.au and for which Competent Persons' consents were obtained. Each Competent Person's consent remains 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 announcement released on 17 December 2015 and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the original ASX announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the original ASX announcement.