

LETTER TO CAULDRON SHAREHOLDERS FROM THE CEO

Dear Shareholder

It is my pleasure to write to you today to share a personal update on a number of recent initiatives that have been put in place to refresh the Company (including strategy, projects, personnel, website/social media, investor relations, broking support, key relationship development, etc) and to provide some further background on our exciting plans for the future.

I would also like to take the opportunity to thank shareholders for their support and patience; and to detail some of the initiatives we are taking in order to improve our shareholder engagement, so shareholders are always up to date on the Company's strategy and material developments.

Since joining the Company last year, we have focused on a number of key initiatives to turn around the Company's fundamental performance as outlined below. We are confident of a change in the fortunes of the Company that will bring positive returns for our loyal and patient shareholders. I look forward to sharing our future success with you.

1. Build-out of the Company's technical team

The appointment of the Company's current Chairman Ian Mulholland in mid-2022 marked the commencement of a re-fresh of practically every aspect of the Company's operations and messaging. Ian is exceptionally well credentialed in the field of mineral exploration and he has had a history of significant resource discovery over his long career. Following his appointment, Ian undertook a thorough review of Cauldron's existing project portfolio and obtained feedback from the investment community before taking the first steps to move the Company in its new direction – that is to focus on the Energy Transition whilst continuing to advance the Company's world class Yanrey Uranium Project in anticipation of a relaxation of the ban on uranium mining in the state of Western Australia.

Also contributing to Cauldron's new direction has been the appointment in February 2023 of Angelo Socio as the Company's new Exploration Manager, who has been working with Ian on analysing and prioritising our extensive pipeline of potential new projects. The combination of Ian and Angelo represents a truly world class capability and positions the Company very well to identify, prioritise and then execute our exploration plans.

We expect to build out our exploration team further to align with new project acquisitions as the course of this calendar year unfolds.

2. Delivering the Company's new strategy and vision

The Company's new strategy has been set by the team considering not only the long-term macro trends, but also our ability to execute and be successful in those focus areas. Following our first communication of the new strategy, we have already secured the first major steps, being:

Securing the Melrose Project

As per the announcement made on 11 May 2023 ['Option over Melrose Project, Dalwallinu, WA'](#), the Company has acquired an option over the highly prospective Melrose Project near Dalwallinu, Western Australia.

The Melrose Project is conveniently located just 3 hours north of Perth in a mining friendly region, and is not subject to native title.

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

Historical surface geochemistry, drill assay results, and geophysical data for the Melrose Project shows a clear geological, geochemical, and geophysical trend in the north and south of the Project area containing elevated levels of nickel in soils and drill hits of copper and PGE's.

The Company has moved quickly to secure a large area immediately west and south of the Melrose Project area covering a further area of ~1,338 km² containing further nickel and copper prospects interpreted to be on the same structural trends.

The Company's technical team has recently visited the site, and is undertaking the planning for further on ground activities, which will likely involve auger and / or RC drilling. Further details will be publicised when a drilling contractor is secured and timing is certain.

Yanrey Uranium Project

The Bennet Well Deposit at Yanrey remains one of the world's best undeveloped uranium deposits and has significant value. Significant opportunity exists to extend the Bennet Well deposit which remains open at depth and for the identification of look-a-like Bennet Well deposits elsewhere in the Yanrey project area.

The mineralisation at Bennet Well is amenable to in-situ leach recovery and as such has the potential for low-impact, low-cost production, providing capex and opex benefits over traditional uranium mining.

The Company would be well placed to take advantage of the surging global appetite for uranium, were it not for the policy of the Western Australian Labor government, which has placed a ban on uranium mining in the state since 2017. A change in sentiment by the Western Australian government would allow Yanrey, and Western Australia, to establish itself as a dominant provider of clean green energy, allowing coal to be diverted to uses other than power generation.

With uranium safely and responsibly being mined in other parts of Australia and around the world, and with significant improvement in techniques and practices over the past 50 years, there seems to be no logical justification for a continuation of the state Labor government policy and the ban.

Further, essentially “commercial scale” nuclear power in Australia is now part of the confirmed Federal government policy, through the acquisition of nuclear submarines as part of the AUKUS structure, with each nuclear submarine being similar in power – approx. 200MW - to a “small modular reactor” or SMR. A significant proportion of this future submarine fleet is to be home ported at Garden Island, Western Australia. Such local adoption of nuclear power is in the Company’s view logically inconsistent with a continued ban on the mining of the nuclear fuel source.

Cauldron remains committed to the project, and as a source of carbon-free, baseload electricity, nuclear power is proving increasingly important as countries and companies around the world commit to ambitious net-zero emission targets.

Yanrey alternative commodities strategy

Yanrey is not only prospective for uranium. This aspect of the potential value of Yanrey appears to be currently overlooked by the investment market and further developing this strategy is a clear priority. Recognition of such value by the investment market could have a significant positive impact on trading in the Company’s shares.

As outlined in our ASX announcement of 24 May 2023, refer [Yanrey Project Update](#), and [May Investor Webinar Presentation](#), we are encouraged by the potential for additional commodity discoveries at Yanrey. Examination of old open file reports has identified an area with outcrops high in iron and manganese, and **anomalous in Rare Earth Elements (REEs), such as Ce, La and Nb.**

The technical team has recently been to site to progress this strategy and we look forward to releasing information on the next steps soon.

New project opportunities

As outlined in our Quarterly Activities Report released on 28 April 2023, refer [March 2023 Quarterly Activities Report](#) and [May Investor Webinar Presentation](#), the Company has and continues to review a range of new project opportunities to supplement the existing portfolio. The focus is on the energy transition thematic and ideally domiciled here in Australia, although we will continue to look internationally for the right assets.

Additionally, the Company is continuing its efforts to generate value out of its legacy asset portfolio. Further updates on these activities will be provided in due course.

Further information on the Company’s new strategy and projects can be found in our recent ASX announcements.

3. Improving our communication

The Company enjoys a broad shareholder base with >1800 shareholders. It is acknowledged that the Company has not engaged sufficiently with its base in the past, leading to poor levels of liquidity in the stock and a lack of market support and hence lower interest from potential new investors than the Company's potential warrants. Management is acutely aware of this issue and is working hard to rectify the situation. Specific action items to address our lack of appropriate communication and engagement include:

- a) Updating our shareholder address details. Many of our shareholders, especially our mid and smaller shareholders, have not provided email contact details to the Company. Attached to this letter is a QR code which will easily allow investors to scan this letter with their smartphone and update their details with Advance Share Registry. Alternatively, shareholders can simply log on to their account at [Advanced Share Registry : Investor Login](#) or indeed shareholders can email me personally (my address is below). This improves our ability to communicate with our investor base in a timely and cost-effective manner.
- b) Updating our website including ability to sign up to our mailing list – I am pleased to confirm we are working on a new website which better reflects the Company's new strategic focus and is consistent with our new branding. This website will include subscribe functionality, so shareholders, stakeholders, community groups, indigenous partners, suppliers and others can stay abreast of the company news and strategy moving forward.
- c) Maximising our social media channels to further engage interest from all parties. We would encourage all our shareholders and stakeholders to utilise their social media channels to follow the Company's progress and share our posts with other interested parties. The Company is currently using LinkedIn @Cauldron Energy Limited and Twitter @cxuasx. Please note the Twitter account @cxuasx replaces the Company's previous account @cauldronenergy.

I sincerely thank shareholders for their continued support of the current management and board and for our refreshed strategy. I would encourage shareholders to update their details with the share registry, sign up to our LinkedIn and Twitter pages or feel free to email me personally.

I look forward to providing you with further updates on Cauldrons progress throughout the year.

Yours sincerely,

Cauldron Energy Limited



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