



Community Information

Introduction & Contact Information

Cauldron Energy is a junior ASX resources company based in Western Australia; website www.cauldronenergy.com.au.

Cauldron is always willing to engage with its local community by facilitating meetings, providing regular posts on facebook and our website. We are willing to listen to your reasonable concerns and to adjust our plans accordingly. If you do have concerns or simply wish to gain a better understanding of our activities, plans and objectives please contact myself Simon Youds, Chairperson of Cauldron Energy, at simon.youds@cauldronenergy.com.au and I will ensure that your concerns are listened to and actioned where possible.

Cauldron is will always seek to obtain the necessary approvals to conduct our work and will endeavour to not only meet the community engagement requirements but to exceed them. We pride ourselves on our commitment to minimise impact to the environment and the community where we operate.

Background

We acquired the historic Blackwood Gold Mine in November 2019 with the intent of returning it to its former glory, but in a way that is respectful to the local environment and community. We are compliant with all regulations and best practice. Since August 2021, we have been undertaking rehabilitation and ground control activities, followed more recently by a small-scale drill program approved by Earth Resources Regulator of Victoria. In the past week we have commenced exploration of the old, mined area around Barry's Reef and south though Blackwood. Our activities to date have caused no impact whatsoever to the environment, residents, or the wider community. Our strategy for achieving this outcome is explained in more detail in the following sections.

Cauldron's Innovative Small-Scale Circular Economy Approach

Previously Cauldron outlined that the current underground work program will utilise similar low-impact rail transport and traditional narrow mining similar to the historical Ballarat / Bendigo operations. Cauldron envisages a small business employing 4 – 5 people and utilising low-cost, green energy initiatives to not only undertake the mining operations, but also to treat the water from the mine and all waste materials. This will enable us to help improve and maintain the surrounding environment, as well as contributing positively to the local community within which we are operating. There is no commitment to waste dump features or process plants, meaning no impact to the surface and continued protection of the local flora and fauna. This style of operation is highly unusual and innovative in the mining world.

Cauldron have also committed to a zero-carbon operational target. To do this we have engaged with local, environmentally focused business owners and various environmental programs to allow mining to integrate into the circular economy and become part of the climate-change / land-improvement solutions. Two early examples of this are as follows:

Mine Water Treatment.

One area of major local concern has been the level of naturally deleterious elements in the water flowing from the Tyrconnel Adit into the system of sediment dams. This system has been independently shown to be working as it was originally designed to. The company has improved this with some timely maintenance and has committed to continue this in line with its work approval, parallel commitment and environmental bond submitted to Melbourne Water. Some local concerns were raised directly with Melbourne Water and the EPA, both of whom have found our strategy of maintenance and improvement methods to be compliant and satisfactory.

Cauldron is working with a local business entity to utilise algae in the cleaning and treatment of the historical, arsenic-rich water pumped from the mine. The use of the algae is a tried-and-tested method and is being used globally to treat wastewater for various agricultural, industrial, and commercial purposes. Examples of this are shown by the following 2015 study by the Health and Environmental Group of Flinders University, South Australia

(https://waterportal.com.au/swf/images/swf-files/2015_integrating-algal-biomass-production-and-wastewater-treatment.pdf) and an article written by the Sustainability News from Arizona State University, USA

(<https://sustainability-innovation.asu.edu/news/archive/11515-2/#:~:text=Algae%20benefit%20wastewater%20treatment%20by,to%20current%20wastewater%20treatment%20practices.>)

The algae are used to remove toxic elements, such as arsenic, from the wastewater (in our case, from the mine). The cleaned, “recycled” water is then used to re-stock the upper reaches of the local river systems to create habitats in which to reintroduce the original fauna such as native fish and the Spikey Yabbi. Cauldron's proposal has gained some support with local landowners, as it is hoped the eventual result of restocking the river systems in this way will be the consistent supply of water for all fauna, creating a form of “wetlands” in the local area

and thereby resisting the ravaging impacts of climate change in terms of drought and bushfires.

Large-Scale Soil Improvement with Waste Rock: Cauldron are working with a group who have initiated a soil remediation project in the region. The objective is to improve soil that has been degraded over years of unmanaged Market Garden irrigation to the North of Melbourne. They require waste rock, such as that which is produced from our proposed mining, to improve the sub-soil drainage in parallel with their soil improvement techniques.

These projects demonstrate the concept of circular economy innovation and how mining can be used for both environmental improvement and sustainability. Our civilisation is heavily reliant on the outputs from mining with the production of commonly used objects such as vehicles and mobile phones. Many mining companies now want to ensure that these products are extracted and secured in a sustainable fashion. Cauldron Energy are in the process of demonstrating a significant step in the right direction both on sustainability and climate change protection. To that end, our proposed mining operations have been planned in such a way to demonstrate that we are at the forefront of a paradigm shift in thinking. We strongly encourage the local community to engage and communicate with us.

Historic Blackwood Gold Mine

Gold was first discovered in Australia in July of 1851 at Clunes by James Esmond on a grazing property located approximately 30 km north of Ballarat. The gold on the property, which would later become known as the Port Phillip mine, became one of the most famous deep lead gold mines in the world at the time, and yielded over 500,000 ounces of gold. The discovery spurred the Victorian gold rush and resulted in several major goldfields (districts) being identified in Victoria including Ballarat, Bendigo, and Castlemaine. The profits from mining in these world-class goldfields put Victoria on the global map and built multiple towns and cities such as Melbourne.

The discovery of gold at Red Hill (near Blackwood) in 1855, led to a rush of prospectors to the goldfields. It is reported that at the peak of mining activity, there were about 13,000 miners along the Lederberg River and its tributaries. Alluvial mining quickly gave way to underground hard-rock mining of gold-rich quartz reef structures. More than 90% of the gold produced from the Blackwood goldfields came from the hard-rock source. The discovery of Kalgoorlie in the 1890's started the investment decline in the Victorian colony for gold mining which, by 1915, resulted in the closure of most of the major goldfields in Victoria. The Blackwood goldfield has seen virtually no activity for over a century.

Progress to date

As indicated in the March 2021 community note, Cauldron have started Exploration activities at Tyrconnel and have decided **not** to initiate the surface drilling outlined in the previous community

message. This decision was based on communications from Barrys Reef residents who were concerned about the proximity of the drilling to their properties. The company has contacted all affected residents at Barrys Reef to discuss the proposed work required within 100m from the properties in question. In reality, all of our Exploration activities are more 100m away vertically (i.e., underground) from surface through solid rock, which reinforces the observation that there has been no resulting impact to surface features to date.

We have received some verbal and some written acceptance for our plans from some of the Barrys Reef residents. To date, we have not received any formal 'No Consent' responses from any Barrys Reef resident, having distributed the consent forms back in April and again in July 2021. For those that do not wish to consent, we will of course respect that decision and adjust our exploration work to avoid any activity within 100m of their residences. If this applies to you, we respectfully request that you provide your formal response to us by the 30th November 2021 so that we can then plan accordingly.

The level of activity and disturbance will not increase above current levels under any planned future work. The residents of both Barrys Reef and Blackwood have been hospitable and welcoming, and we look forward to becoming a key part of the community and economy as we engage further. This includes providing more employment to local people, with the potential training opportunities for local residents to provide them with skills that could lead to a meaningful lifetime career. Our Operations Manager, Gary Gray, is available on site and will readily explain our operations based on his long working history in similar gold regions from Tasmania to Queensland.

Plans going forward

The Tyrconnel drive intersects 6 – 7 reefs or gold veins first mined in the 1860s. We have accessed the first of these, being the Annie Laurie and Grace Edgerton reefs, and are currently stabilising the ground in preparation for our next drill site, as approved under the Exploration work program. As required by the mining regulators, we are required to establish a high level of confidence before being able to apply to mine, which puts us firmly in the current Exploration phase of operation. The confidence required for mining cannot be achieved purely by drilling due to the 'nuggety' or inconsistent nature of the gold mineralisation and therefore requires a larger sample. Current administrative rules do not allow the Company to sell this material. As any small-business owner knows, a small business requires cashflow to fund its activities, including the plans for water treatment and waste usage, to achieve that eventual goal of making returns on its initial investment. Cauldron is continually seeking to employ zero-carbon, sustainable initiatives to allow us to compromise between making those returns and protecting the local environment within which it operates.

The purpose of Exploration is to prove up mineralisation to mine it. The key here is to do this without any surface impact, much as we have been doing to date, to allow small scale underground mining. We have recently applied for a Prospecting Licence in the area we are

currently active in. This utilises narrow vein traditional approach minimising our carbon footprint, material movement and working in with the community and environmental projects, this is a business that will not impact the residents or environment but provide as it is wholly underground with 4-5 personnel, no waste dump, or tailings dam.. to be unnoticed on the surface much as we have been to date.

Summary

Once again, we strongly encourage any concerned parties to contact us directly as we want to hear your concerns so we can address them. . We wish to be long-term residents in the area and love the forest, its tranquillity, diversity, and all that that represents. We do not wish to see this change. Please bring your concerns directly to us along with the return of the formal Consent forms so that we can act on them and amend our plans.

There has been no environmental or community impact from Cauldron activities to date, nor is the scale or level of operations proposed to change at Barrys Reef for the foreseeable future.

The fundamental purpose here is to prevent misinformation, misconceptions, and divisions within the community. This is not, nor has it ever been, our intention. Please keep the communication channels open as we can continue to adjust our plans, as we have already. Please feel free on contact us via the email below, our website or the Facebook forum. This will better enable us to understand your concerns and address them by incorporating them into our plans as we have done to date.

Yours,

Simon Youds
Chairperson



Cauldron Energy Ltd
Simon.youds@cauldronenergy.com.au