EQUITY RESEARCH

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Cauldron Energy (CXU)

Bubbling with Opportunity

KEY POINTS

- Cauldron Energy (CXU), is a Uranium developer focused on the Yanrey Uranium project in Western Australia.
- Yanrey hosts a 30.6mlb Uranium resource with an exploration target to increase this by 2-3x in 2024 with further resource drilling.
- Yanrey is a shallow, sandstone hosted deposit and amenable to In Situ Recovery (ISR) mining. ISR allows for a lower capex than conventional mining with the added benefit of a significantly reduced environmental footprint.
- A recent scoping study on the project suggests an economically robust project with a modest capex of U$82.4m, AISC of US$35.79/lb, a payback period of 1.5 years and an NPV10 of US$314m using a Uranium price of US$75/lb.
- The advancement of the project will ultimately require the Western Australian Government to bring an end to its policy ban on Uranium mining in the state. We believe this is likely in the medium term given the shifting sentiment towards nuclear energy as a safe and reliable energy source. Herein lies the risk and opportunity for CXU, with significant upside in the stock if/when this misguided policy ban is lifted.

KEY DRIVERS

- Melrose Drilling Results – Q1 2024
- Yanrey Drilling – Q3 2024
- Yanrey Resource Expansion – Q4 2024
- WA Government policy ban lifted - ??

INVESTMENT VIEW

CXU presents a compelling investment opportunity in the uranium sector, anchored by its Yanrey project in Western Australia. Hosting a Uranium resource of 30.6mlbs with upside to double this towards +60mlb in 2024 and an economically robust scoping study, CXU is poised to capitalize on the surge in uranium prices. The project's ISR potential underscores its cost-effectiveness and environmental sustainability, crucial factors in today's market. Despite Western Australia's uranium mining ban, sentiment towards uranium mining to fuel nuclear power is shifting, potentially paving the way for policy changes. Yanrey compares well against peer ISR projects suggesting CXU's valuation could significantly increase as the project advances. With a risk-weighted, fully diluted valuation of $0.08/sh and a peer comp valuation of $0.09/sh, CXU emerges as a promising investment opportunity in the uranium space. We initiate coverage on CXU with a speculative buy rating and price target of $0.09/sh.

RISKS

Typical mineral explorer/developer risk profile, including but not limited to execution, permitting, financing, key management personnel, commodity pricing, and technological risks.

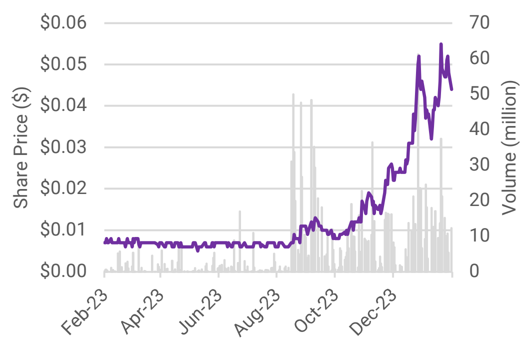
Recommendation	
12 mth share price target	$0.09
Risk rating	Speculative Buy
Current share price	$0.044
Previous recommendation	Initiation of Coverage
Price target method	DCF/Peer Based
Total return	104%
Market capitalisation	$51.2m
Liquidity	$1.5m/day

Key Management Team	
Non-Executive Chairman	Ian Mullholland
Chief Executive Officer	Jonathan Fisher
Executive Director	Michael Fry
Non-Executive Director	Qiu Derong
Non-Executive Director	Judy Li
Non-Executive Director	Chenchong Zhou

Resource	mt	Grade ppm	U3O8 mlbs
Indicated	21.9	375	18.1
Inferred	16.9	335	12.5
Total	**38.9**	**358**	**30.6**

Source CXU

12-month Share Price and Volume (000's)



Source: Iress

Australian Uranium Project

Company Overview

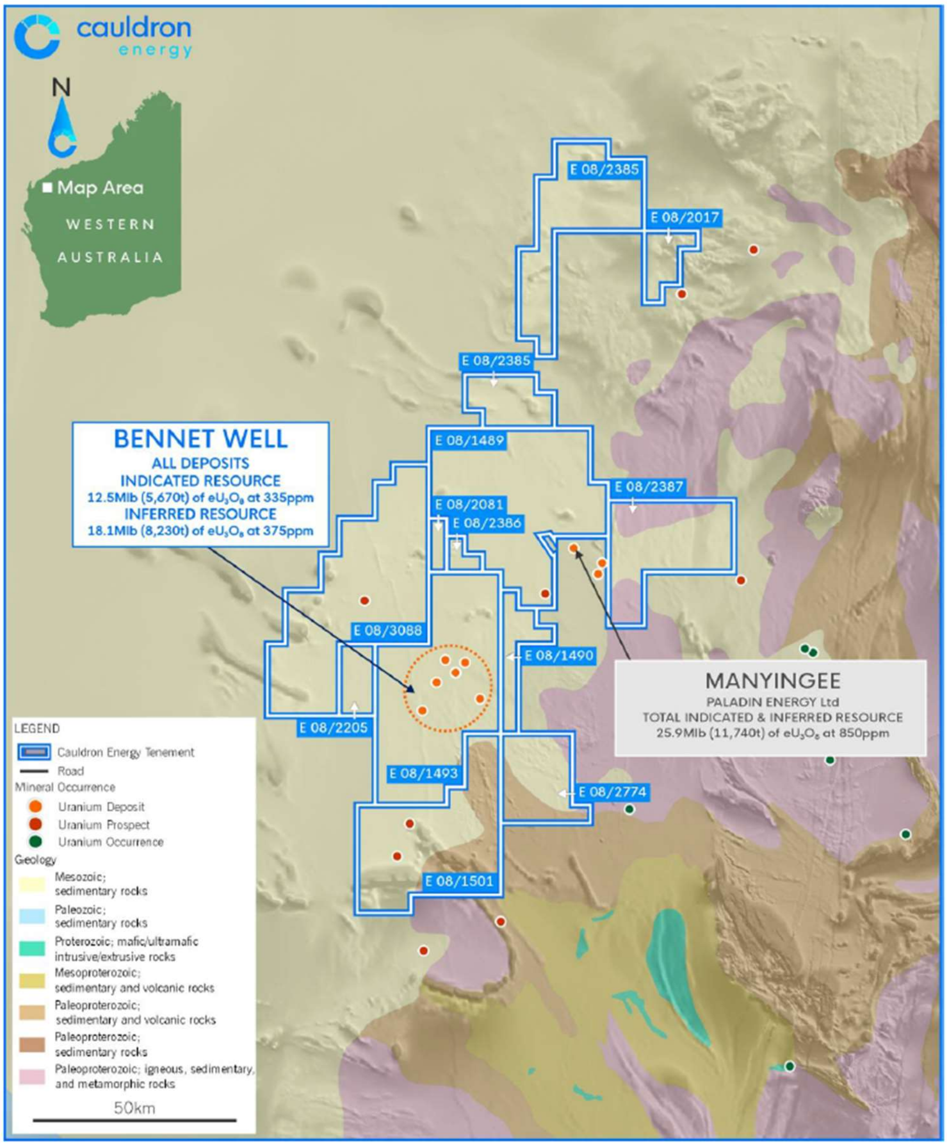
Cauldron Energy (CXU) is a uranium exploration and development company focused on the Yanrey project in Western Australia. Yanrey has a JORC compliant resource of 30.6mlbs of U3O8 and a recent scoping study highlights the economic advantages of the project. The Company is advancing the Yanrey project to take advantage of the surge in the Uranium demand and expected further increases in the spot price. The resource is expected to grow significantly in 2024 as well as further advancement in project development studies.

Yanrey Uranium

The Yanrey project was discovered by CRA Exploration in the late 1970s, and early 1980's. It was not until 2008 that a maiden resource was defined by Scimitar Resources (which later became CXU via M&A) of 4.8mlbs. The project is located in the Carnarvon basin approximately 130km south of Onslow. Fellow Uranium developer Paladin Energy (PDN) own the 25.9mlb Manyingee uranium project ~15kms away and the 15.6mlb Carley Bore uranium project ~100kms to the south.

Located within 130kms of Onslow port

Figure 1 – Yanrey (Bennet Well) Uranium Project



source – CXU

Well understood geology

Geology

Yanrey is a sandstone uranium project, associated with reduction-oxidation interfaces. Mineralisation is a shallow accumulation of uranium hosted unconsolidated sediments less than 100m in vertical depth in cretaceous sedimentary units of the North Carnarvon Basin.

Mineral Resource Estimate

The latest mineral resource estimate over the project was completed in 2015. Four areas of mineralisation have been defined, collectively known as the Bennet Well deposit. Bennet Well hosts 30.6mlbs Uranium resource at a grade of 358ppm U_3O_8.

Shallow ore body

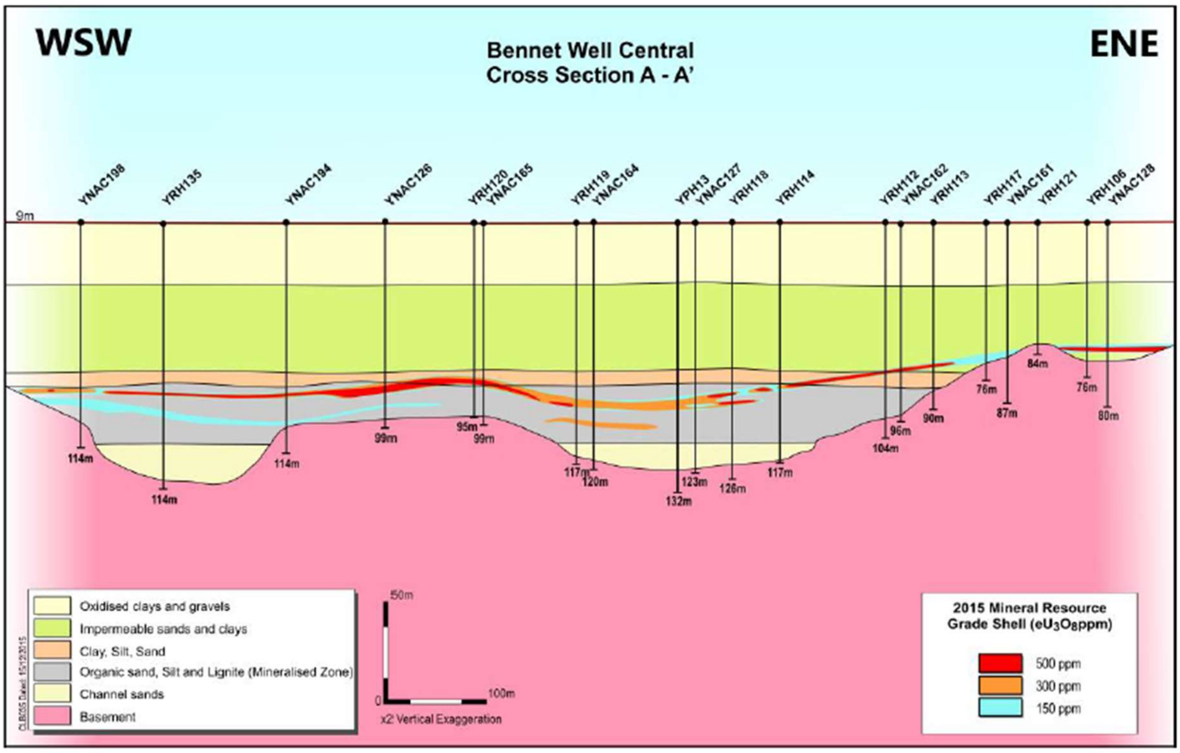
Mineralisation lies above the basement in unconsolidated sediments and approximately 1-2m in thickness. The deposit is amenable to In-situ leach Recovery (ISR)

Figure 2 – Bennet Well Mineral Resource Estimate

Cut off eU_3O_8 (ppm)	Category	Tonnes (m)	eU_3O_8 (ppm)	Contained eU_3O_8 (Mlb)
150	Indicated	21.9	375	18.1
150	Inferred	16.9	335	12.5
	Total	**38.9**	**358**	**30.6**

source – CXU

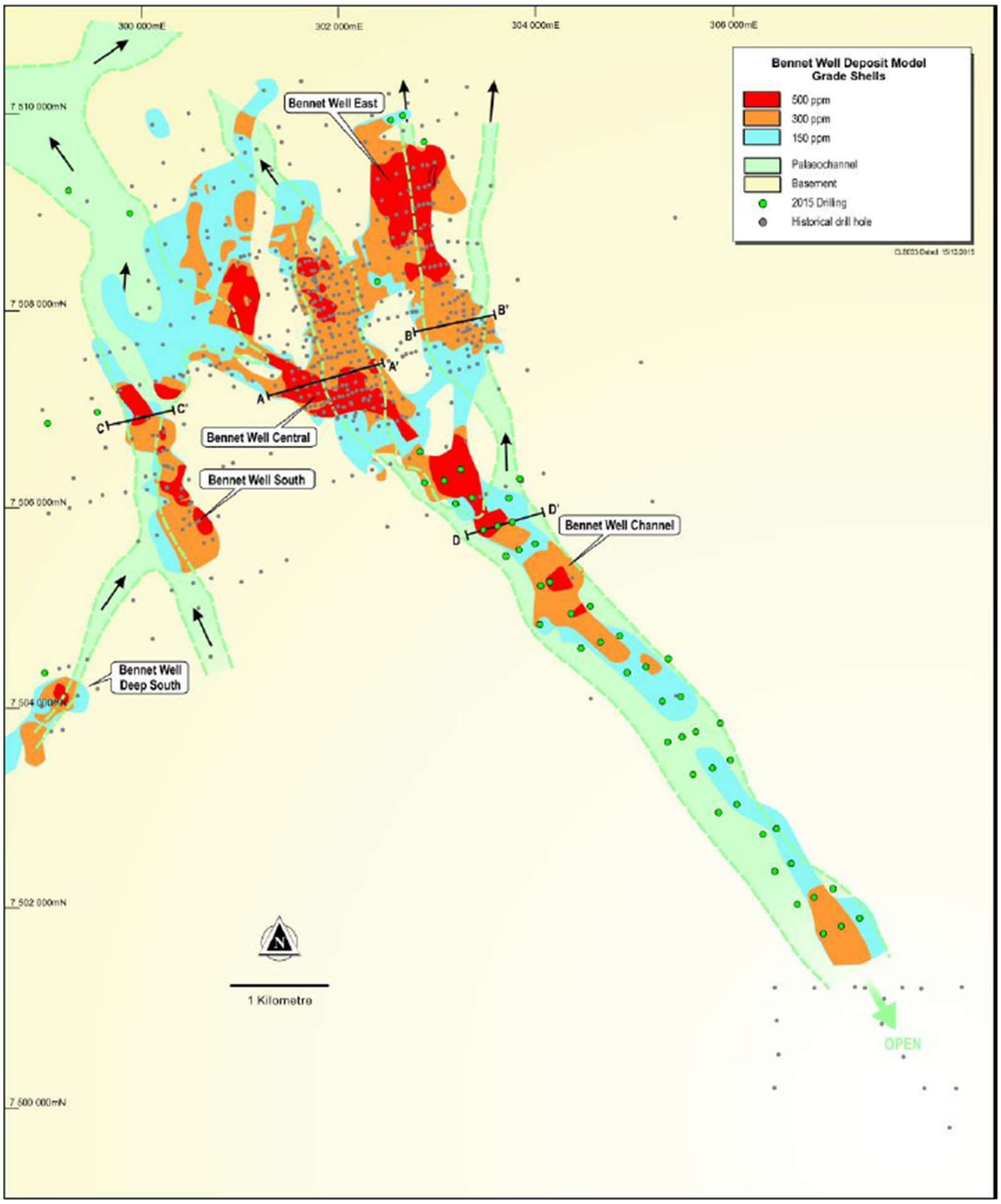
Figure 3 – Typical Bennet Well Cross Section



source – CXU

Mineralisation remains open along the paleo channel. Further drilling scheduled for 1H 2024 will look to increase the size of the resource as well as provide infill drilling for further confidence in the model. The project covers 1,242km^2 and several prospective targets are yet to be drill tested across the project, including possible paleochannel extensions of the nearby Manyingee deposit owned by Paladin (PDN).

Figure 4 – Bennet Well Mineral Resource



source – CXU

Resource is open in several directions along the paleochannel

Significant resource growth of 2-3x the current resource

Potential of 88mlbs if the upper exploration target is achieved

An exploration target for Bennet Well has been released for resource growth over and above the existing 30.6mlb resource. An additional 17.7-57.6mlbs U_3O_8 suggests the resource should double in size to 68mlbs of U_3O_8 as a base case.

Figure 5 – Bennet Well Exploration Target (in addition to existing resource)

Cut off eU_3O_8 (ppm)	Category	Tonnes (m)	eU_3O_8 (ppm)	Contained eU_3O_8 (Mlb)
150	Lower	20.4	395	17.8
150	Upper	66.3	395	57.6
	Mid Range	**43.3**	**395**	**37.7**

source – CXU

In Situ Recovery

A proven uranium extraction technique

In Situ Recovery (ISR), also known as In Situ Leach (ISL) mining, represents a cost-effective and environmentally sustainable approach to extracting uranium deposits. Approximately 13% of the worlds Uranium is mined using ISR. ISR is beneficial to conventional mining due its minimal surface disturbances, eliminating the need for extensive infrastructure. Subsequently, capital and operating costs are significantly lower than conventional mining.

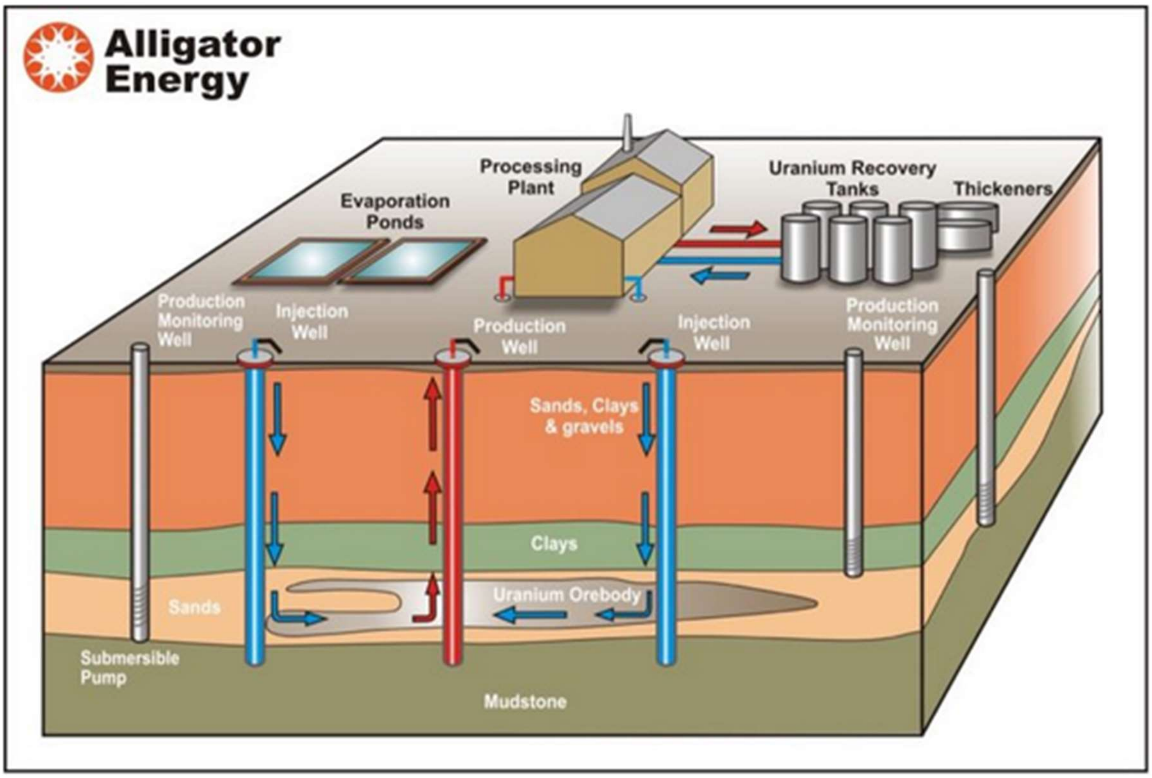
Low environmental impact

Not all projects are amenable to ISR. Key criteria include the presence of groundwater, a confided aquifer, and fluid permeability. Extraction involves the injection of a chemical solution, typically a leaching agent such as sulphuric acid, into the uranium-bearing aquifer. This solution dissolves the uranium from the surrounding ore and forms a uranium-rich solution. This enriched solution is then pumped to the surface for further processing.

Less onerous permitting process

Significantly lower capex costs than conventional mining

Figure 6 – Typical ISR Mining



Operating Uranium ISR project in Australia

source – Alligator Energy

South Australia has permitted three ISR uranium projects, Four Mile and Beverley (Heathgate Resources) and Honeymoon (Boss Energy). The Samphire project (Alligator Energy) is in the permitting phase and will likely be the fourth ISR project permitted.

SCOPING STUDY

A scoping study on Bennet Well has been recently completed. The project contemplates a 1.5mlb per year operation at a low AISC of US$35.79/lb. Initial capex is US$82.4m with an additional US$125.3m in sustaining capex over life of mine. A U_3O_8 price of US$75/lb results in a pre-tax NPV_{10} of US$314m with a payback period of 1.5 years.

Figure 7 – Scoping Study Key Parameters

Item	Unit	Value
Production	Mlb/year	1.5
Mine Life	Years	11
Leach Recovery	%	67
U_3O_8 Produced	mlb	16.5
Upfront Capex	US$m	82.4
Sustaining Capex	US$m	125.3
Opex	US$/lb	23.23
AISC	US$/lb	35.79
Assumed U_3O_8 Price	US$/lb	75
FX Rate AUD:USD		0.70
Undiscounted Cash (pre-tax)	US$m/year	65.3
Royalties	US$m/year	5.6
Discount Rate	%	10
NPV_{10} Pre-tax	US$m	314
IRR	%	79
Payback Period	Years	1.5

source – CXU

Uranium price of US$75/lb as a base case

Spot price is US$105/lb

Break even at US$37/lb

Manageable upfront capex

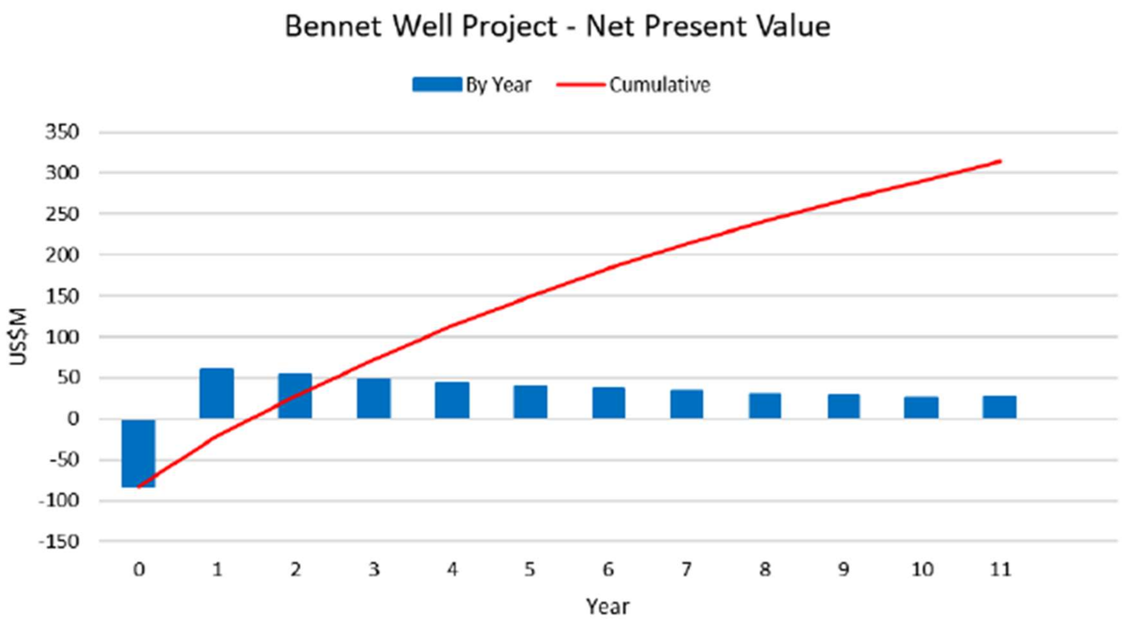
The scoping study is based on test work conducted by CSIRO in 2017. The test work indicated Bennet Well to be amenable to either sulfuric acid or a carbonate/bicarbonate lixiviant to leach the uranium. The sulphuric acid provided the highest recoveries up to 84%. Adding an oxidant showed an increase in recovery to 98%, however may create downstream complications. Post leaching, an Ion exchange process proved the ability to recover the Uranium using commercially available resins.

Field leach trial is a crucial milestone and will be subject to state Government approval

A field leach trial for 6-12 months will be required to further optimise the flow sheet and final process parameters. The field trial will be subject to Western Australian permitting.

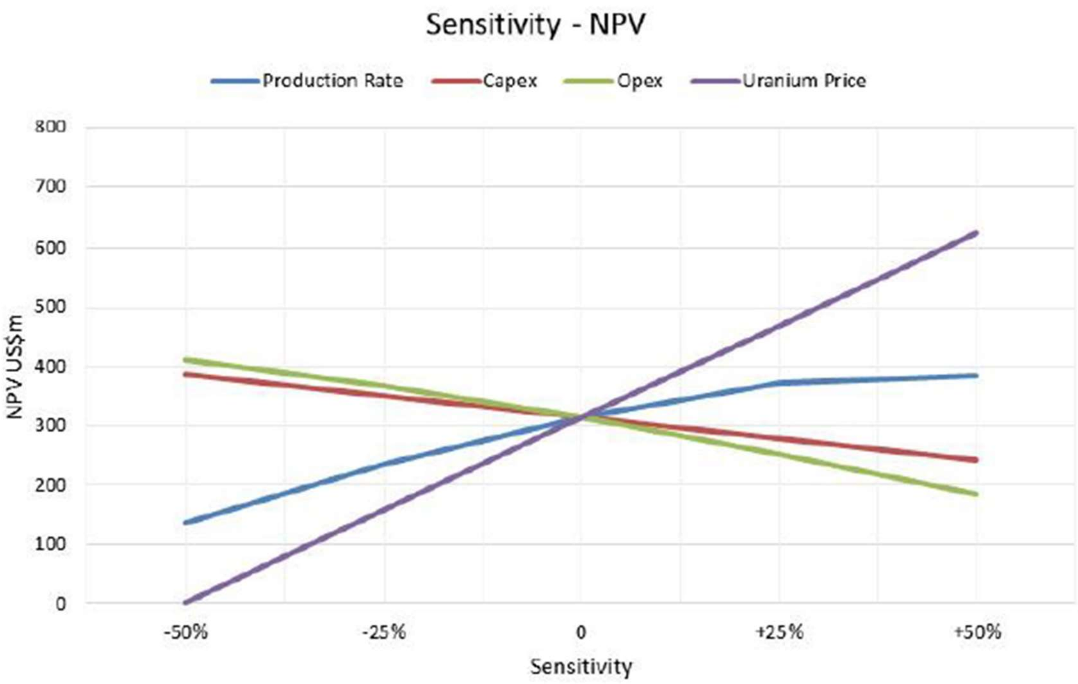
Financially, the project appears robust with a breakeven price of US$37/lb. Operating and capital costs are based on preliminary testwork and benchmarked off similar projects which we would expect to be of order. Further optimisation of production and cut-off grades will need to be considered once further testwork and project costing are completed. The likelihood of resource growth should also see a longer life project.

Figure 8 – Discounted Cashflow



source – CXU

Figure 9 – Sensitivity Analysis



source – CXU

PROJECT TIMELINE

Further work is required to progress towards a bankable feasibility study and subsequent project development. The company is guiding towards a timeline of 3-6 years prior to first production at Bennet Well. Key items for consideration include an increase of the mineral resource, detailed hydrological modelling, field leach trials, more representative sampling of the ore body, product marketing, project costing and project permitting.

POTENTIAL AQUISITIONS

The Company has a clear strategy to add additional uranium projects to its portfolio with potential acquisitions in Australia and overseas continually being evaluated.

Melrose

The Melrose project is located in southwest Western Australia near the town of Dalwallinu on the western margin of the Yilgarn Craton. The 1,507km^2 exploration project covers the Barrabarra greenstone belt and an interpreted mafic-ultramafic complex. Melrose is prospect for Ni-Cu-PGE deposits akin to Chalice Mining's (CHN) Julimar project which is located 125km to the south west.

Figure 10 – Melrose Project Location

source – CXU

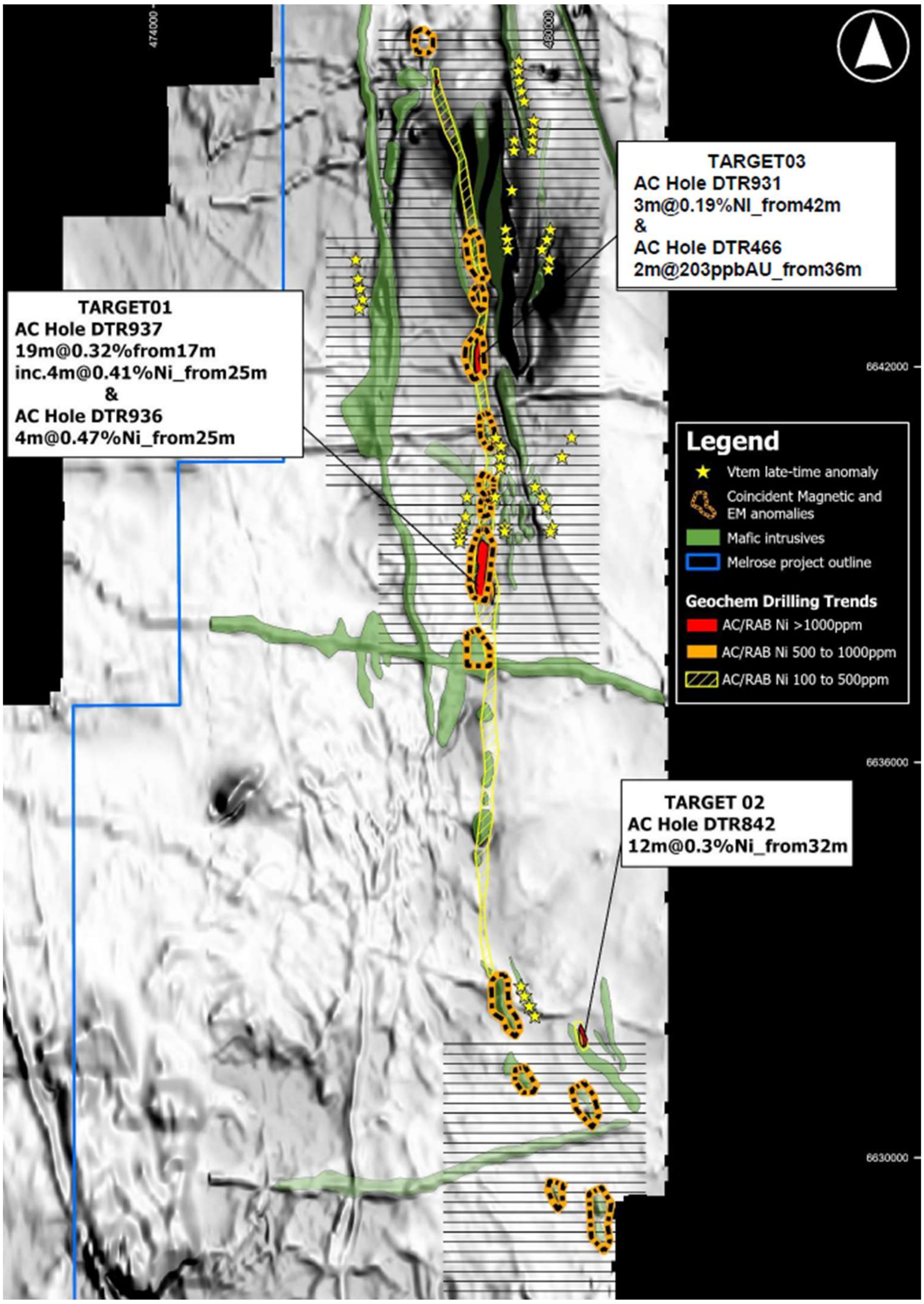
Exploration on the Yilgarn craton margins has yielded a number of significant discoveries

Sparse reconnaissance air core drilling by IGO in 2006 focused on gold exploration and identified elevated nickel-copper coincident with magnetic anomalies. Based on these magnetic anomalies and elevated Ni-Cu geochemistry, several prospective targets where generated.

A first pass air core drilling program was completed in January 2024 covering five EM targets and two geochemical targets. Mafic and ultramafic bedrock were observed in drilling with assays pending for mineralogy. The drilling program consisted of 110 holes for 4,248m which will be used to generate targets for deeper drilling. Minimal sulphides were intersected in the air core holes based on visual observations.

It is unlikely a discovery will be made at Melrose based on this recent drilling campaign alone. Subject to assays, a further drilling program will be required to target the deeper EM anomalies. These targets have merit; however, we do not see Melrose as a key project for the Company and it may be beneficial to seek partners to fund further exploration programs.

Figure 11 – Melrose Priority Exploration Targets



source – CXU

Uranium

We assume the reader is familiar with the Uranium market dynamics. Needless to say, Uranium reached its inflection point in 2023 with the ever-increasing demand projections and tightening supply. Countries are increasingly adopting nuclear energy to provide cheap and clean baseload power as the world marches towards a net-zero future. According to the IAEA, there are 438 nuclear reactors in operation across the globe with a further 58 under construction (an increase of 13%).

Supply risk is being impacted by growing geopolitical uncertainty. Sanctions on Russian uranium and the uncertainty of supply out of Niger further fuel the need for utilities to secure their supply chain and lock in forward supply contracts.

Further upside likely in the Uranium spot price as supply becomes more uncertain

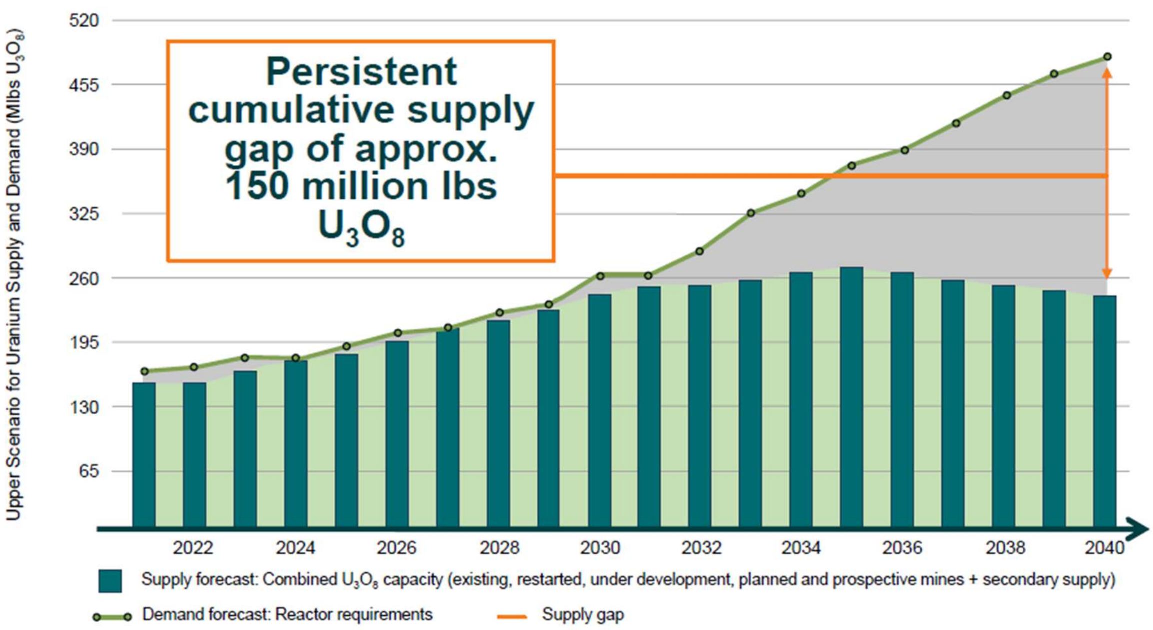
Uranium spot prices doubled in 2023, with the spot price currently hovering around US$100/lb. Major uranium producer, Cameco, expect supply competition to intensify in 2024 which will likely see further gains in spot prices.

Figure 1 2– Uranium Spot and Long Term Price

source – Cameco

New Uranium mines are needed to come into production by the end of the decade to meet demand

Figure 13 – Uranium Supply and Demand



source – BMN, World Nuclear Association

Australia hosts the largest global resources of Uranium in the world at ~28%, yet only account for ~9% of supply. The opportunity exists for Australia to become a more dominant player by supplying a consistent, safe, and secure uranium supply to the world's utility companies.

Sentiment towards Uranium mining in WA is changing

WESTERN AUSTRALIA URANIUM MINING POLICY BAN

The Labor Government in Western Australia enforce a policy ban on new uranium projects. This ban is not legislated and merely a policy of the party. The Labor Government hold an overwhelming majority in Western Australia and to date there has been little to suggest this policy ban will be rescinded in the short term. A state election in 2025 may act as a catalyst for this policy to be given further consideration and debate throughout the community and at levels of government. Given the downturn in the WA nickel mining sector, further diversification of the royalty revenue stream would be prudent as would the additional employment and flow on economics benefits.

An outdated policy ban based on outdated logic and ideas

If South Australia can successfully produce and export yellowcake there is no reason Western Australia couldn't follow suit

We do not agree with the Western Australian Government policy. Nuclear energy is the pathway for many countries to achieve net zero. Uranium is critical to these ambitions and with advancements in technology combined with stringent regulatory frameworks, uranium mining is safer and more environmentally sustainable than ever before. Western Australia is a mining state and is continually ranked amongst the top mining jurisdictions in the world. The mining sector in the state is a leader in innovation, safety and best practices across the globe. The state boasts abundant uranium resources, that, if responsibly extracted, could generate significant revenue streams for the state and the Western Australian community. By tapping into its uranium deposits, the state could further diversify its resource portfolio and capitalize on global demand for clean and efficient energy sources. It makes little sense to apply a mining ban on a single commodity based on outdated logic and incorrect assumptions. Given the unique characteristics of Uranium, a jurisdiction with best-in-class mining expertise and rigid regulations should be the logical place to build these new projects to ensure a safe, consistent and transparent supply of this critical metal. We believe sentiment is shifting in the community towards nuclear power and therefore uranium mining and we are of the view this government policy ban should and will be overturned.

Peer Comps

The majority of projects are not amenable to ISR mining. Nonetheless CXU will be comparable to the suite of ASX uranium explorers and developers. CXU trades close to the median valuation on an EV/lb basis of $1.70/lb (median $2/lb). Advanced developers and near-term producers are rationally valued higher than early stage producers.

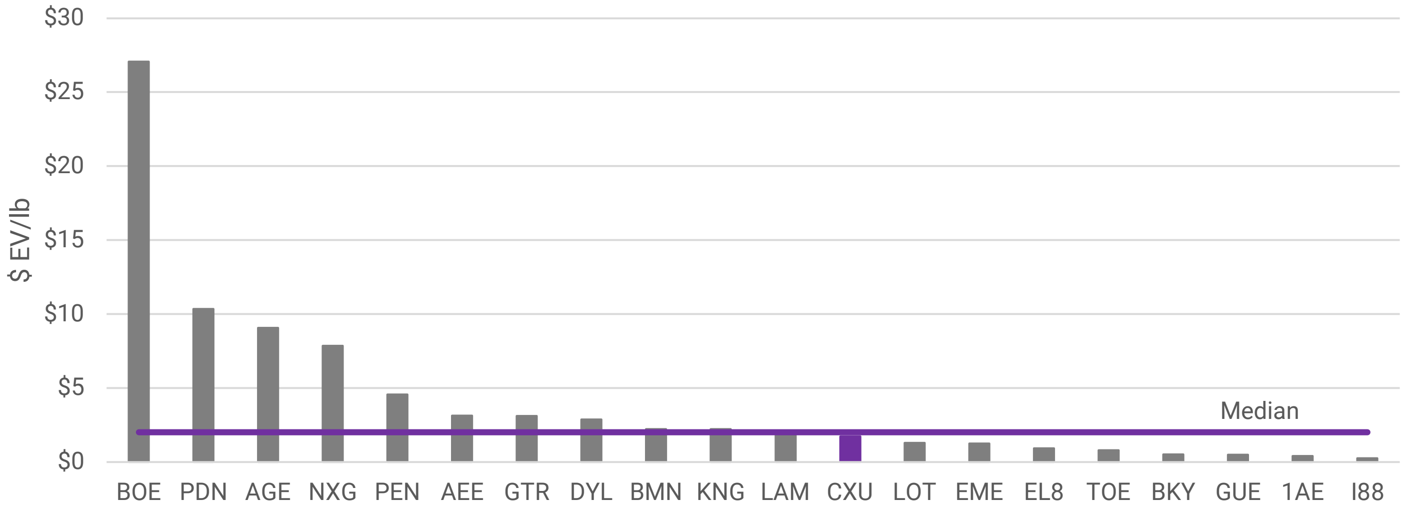
CXU trades in line with peer group. Upside to valuation to come from additional resource lbs in 2024 combined with further increases in the Uranium price

Figure 14 – ASX Peers

Company	Ticker	Market Cap $m	Global Resource mlb U_3O_8	Grade U_3O_8 ppm	EV/lb
Alligator Energy	AGE	255	24	813	9.1
Aura Energy	AEE	165	50	236	3.1
Aurora Energy Metals	1AE	24	51	214	0.4
Bannerman Energy	BMN	515	213	225	2.2
Berkeley Energia	BKY	127	89	490	0.5
Boss Energy	BOE	2,109	72	620	27.1
Cauldron Energy	CXU	56	31	360	1.7
Deep Yellow	DYL	1,128	380	247	2.9
Elevate Uranium	EL8	171	164	213	0.9
Energy Metals	EME	33	15	1,283	1.3
Global Uranium and Enrichment	GUE	27	50	540	0.5
Gti Energy	GTR	20	6	630	3.1
Infini Resources	I88	16	44	123	0.3
Kingsland Minerals	KNG	15	5	345	2.2
Laramide Resources	LAM	238	128	856	1.8
Lotus Resources	LOT	545	410	215	1.3
Nexgen Energy	NXG	6,153	782	43,500	7.8
Paladin Energy	PDN	3,776	363	607	10.3
Peninsula Energy	PEN	263	54	480	4.6
Toro Energy	TOE	57	63	548	0.8
Average				**2,469**	**4.1**
Median				**510**	**2.0**

source – Company Reports, Iress, PAC Partners

Figure 15 – ASX Peers EV/lb



source –Company Reports, Iress, PAC Partners

ISR is clearly lower capital intensive than conventional mining.

We narrow down to a selection of ISR development projects we believe to be comparable to Bennet Well in Figure 16) ASX listed Boss Energy (BOE), Alligator Energy (AGE) and Peninsula Energy (PEN) are all developing similar ISR projects with comparable production and cost profiles. The Bennet Well scoping study costs are clearly of order and provide confidence in mining and extraction methods used. We also include three developing conventional/hard rock uranium projects in Figure 17. ISR has a clear capital costs advantage being 2-3x cheaper in upfront costs.

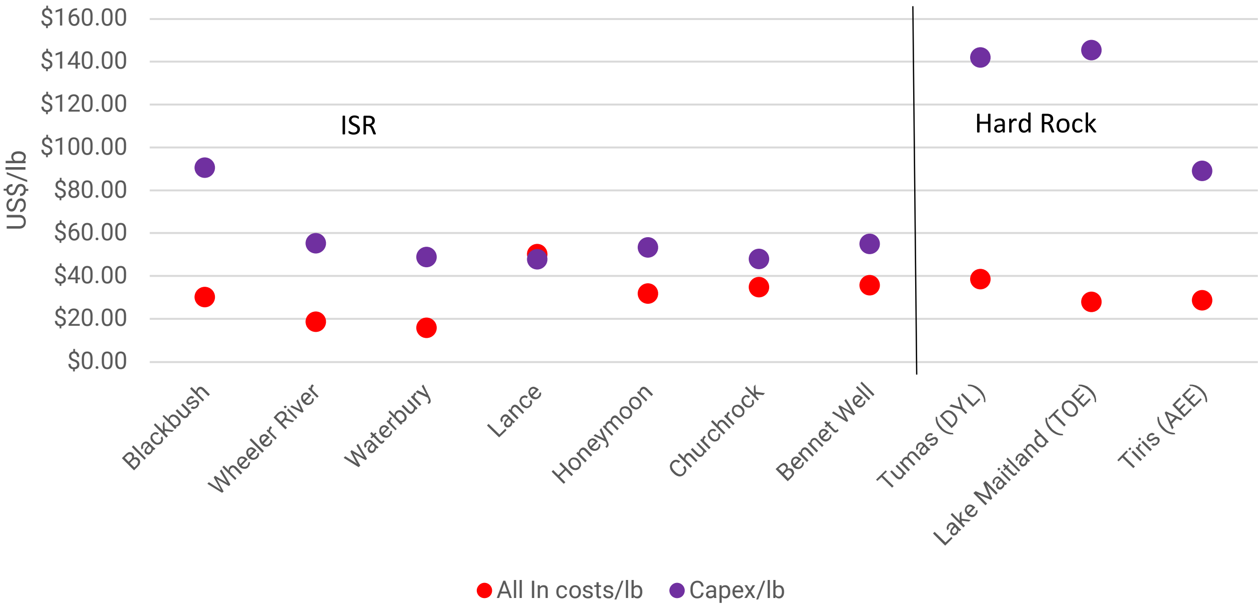
Figure 16 – Peer Resource Comparison (In Situ Recovery)

Company		Alligator	Boss Energy	Denison Mines	Denison Mines	Peninsula Energy	Laramide Resources	Cauldron Energy
Ticker		AGE	BOE	TSXV:DML	TSXV:DML	PEN	LAM	CXU
Project		Samphire	Honeymoon	Wheeler River	Waterbury	Lance	Churchrock	Bennet Well
Location		SA	SA	Saskatchewan	Saskatchewan	Wyoming	New Mexico	WA
Resource	mlbs	18.1	71.6	70.8	18.5	21.8.	50.8	27.7
Grade	ppm	720	620	114,000	16,800	77	750	373
PFS Assumptions								
Production	mlbs/y	1.0	2.0	5.6	2.45	1.48	1.0	1.5
Mine Life	years	12	11	10	6	10	32	11
Recovery	%	70.0		80.6	98.6	68.0	68.0	67.0
Capex [1]	USD$m	90.5	106.7	310.4	119.6	70.8	48.0	82.4
Capex Intensity	USD$/lb	90.5	53.3	55.2	48.8	47.84	48.0	54.9
Sustaining Capex	USD$m	74.3	73.1	173.2	37.0	215	122.0	125.3
Sust' Capex/t/y	US$/lb/y	6.19	3.32	3.08	2.52	14.53	3.81	7.59
Cash Costs	US$/lb	17.92	18.46	6.30	12.04	21.69	23.57	23.23
AISC	US$/lb	30.24	31.86	18.66	15.91	50.27	34.83	35.79

[1] Excludes sunk costs

source – Company Reports, Iress, PAC Partners

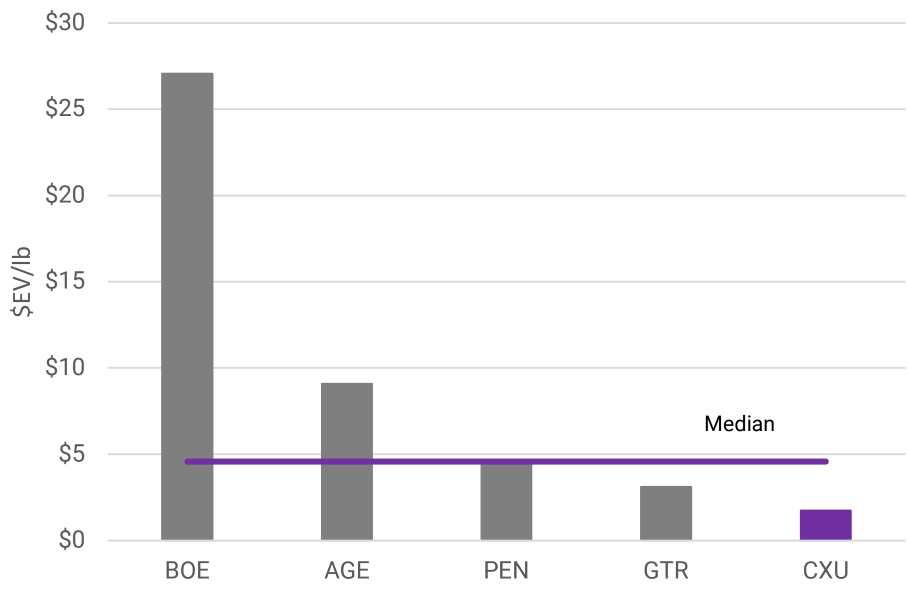
Figure 17 – Peer ISR Costs



source – Company Reports, PAC Partners

The peer ISR projects are clearly more advanced than Bennet Well and hence higher valued by the market. We see the CXU valuation increasing to greater align with the peer group as the project is progressed through further studies.

Figure 18 – Peer ISR EV/lb



source – Company Reports, Iress, PAC Partners

Value and Investment View

PROJECT DEVELOPMENT SCENARIOS

We run a development scenario over Bennet Well guided by the scoping study and peer comparisons. We assume a start date in calendar year 2027. We use a Uranium price of US$85/lb. Other key parameters we use in our DCF model can be seen in Figure 19

We apply a Uranium price of US$85/lb

NPV of US$527m at spot price

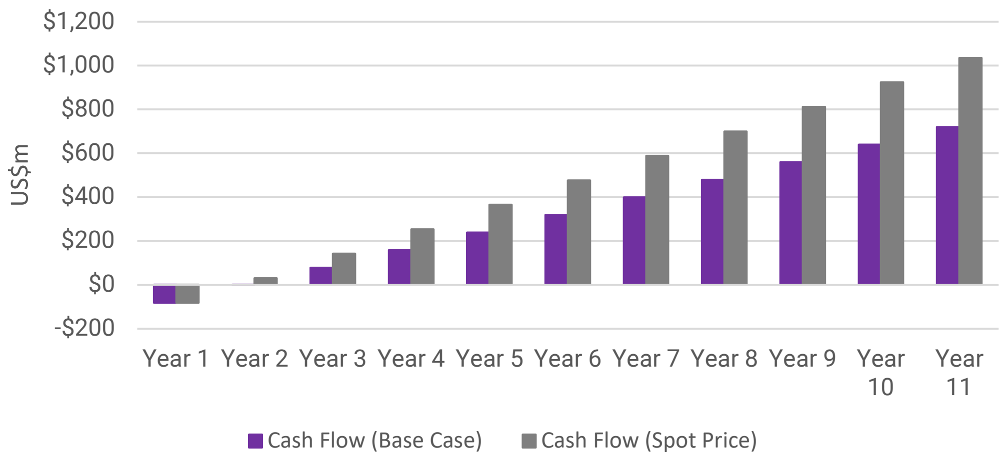
Figure 19 – PAC Partners Operational Assumptions

Item	Unit	Bennet Well
Annual Production	mlbpa	1.5
Mine Life	Years	11
Start Date	CY	2027
Initial Capex	US$m	82.4
Sustaining Capex	US$mpa	12.4
Opex inc Royalty	US$/lb	23.24
LCE Price	$US/lb	85.0
NPV_{10} Post-Tax	$USm	351
NPV_{10} Post-Tax (spot price)	$USm	527

source – PAC Partners

Figure 20 – Cumulative Cashflow Forecast

Indicative cashflows only



source – PAC Partners

Offtakes or strategic investments may reduce upfront capital required to be funded via debt and equity

VALUATION

We estimate a funding requirement prior to FID of $30m including an onsite leach test trial which we assume to be funded via equity. We assume the project is funded via a traditional 70:30 debt: equity. Equity has been assumed to be raised at $0.045/sh as per the last placement price on 8 February 2024. We assume a total shares on issue post project finance to be 3.07 billion.

A sum of the parts valuation based on a project development scenario is shown in Figure 21. We risk weight by 50% given the policy ban on Uranium Mining in Western Australia. We apply a nominal value of $2m for the Melrose project. On a fully diluted and development basis we value CXU at $0.08/sh.

We apply a 50% risk weighting due to WA Government policy ban

Figure 21 – CXU Risked Development Valuation

Item	Unit	Value
Bennet Well Unrisked	$m	502
Bennet Well Risk Weighting	%	50
Bennet Well Risked Valuation	$m	251
Melrose	$m	2
Corporate	$m	-9
Cash	$m	3
ITM Options	$m	4
Total Equity Vale	$m	251
Fully Diluted Shares on Issue	m	3,070
Implied Value per Share	**$/sh**	**$0.08**

source – PAC Partners

A simple peer based comparison validates our valuation

We also look at a simple peer-based valuation of CXU on an EV/lb basis using $2.0/lb. We include the likelihood of resource growth at Bennet Well as guided to by the Company. On this basis the implied value of CXU is $0.09/sh.

Figure 22 – Peer Based Valuation

Item	U mlb	EV/lb	Implied Value
Bennet Well	30.6	2.0	61
Exploration Upside	37.7	2.0	75
Melrose	$m		2
Cash	$m		3
ITM Options	$m		4
Total Equity Vale	$m		144
Shares on Issue (diluted)	m		1,582
Implied Value per Share	**$/sh**		**$0.09**

source – PAC Partners

INVESTMENT VIEW

Cauldron Energy (CXU) presents a compelling investment opportunity in the uranium sector, anchored by its Yanrey project in Western Australia. Hosting a Uranium resource of 30.6mlbs with upside to double this towards +60mlb in 2024 and an economically robust scoping study, CXU is poised to capitalize on the surge in uranium prices. The project's ISR potential underscores its cost-effectiveness and environmental sustainability, crucial factors in today's market. Despite Western Australia's uranium mining ban, sentiment towards uranium mining to fuel nuclear power is shifting, potentially paving the way for policy changes. Yanrey compares well against peer ISR projects suggesting CXU's valuation could significantly increase as the project advances. With a risk-weighted, fully diluted valuation of $0.08/sh and a peer comp valuation of $0.09/sh, CXU emerges as a promising investment opportunity in the uranium space. ***We initiate coverage on CXU with a speculative buy rating and price target of $0.09/sh.***

Board and Management

Non-Executive Chairman	Ian Mulholland
Chief Executive Officer	Jonathan Fisher
Executive Director	Michael Fry
Non-Executive Director	Qiu Derong
Non-Executive Director	Judy Li
Non-Executive Director	Chenchong Zhou
Technical Lead	Jeffrey Moore
Exploration Manager	Angelo Socio

Ian Mulholland – Non-Executive Chairman

Mr Mulholland is a geologist with over 30 years having held senior roles for Summit Resources, Anaconda Nickel, Conquest Minng and Rox Resources. Mr Mulholland as also runs a geological and mining consultancy.

Mr Mulholland holds 9.8m shares, 10m options and 12.5m performance rights in CXU.

Jonathan Fisher – Chief Executive Officer

Mr Fisher holds degrees in Law, Finance and Commerce and has 20 years' experience in the resources and corporate industries. Most recently, Mr Fisher was Chief Financial Officer at TNG Ltd and led their project financing and government liaison teams. Prior to that Jonathan was Chief Financial Officer for five years for Tellus Holdings Ltd, a hazardous and radioactive waste management company with customers ranging from mining, oil & gas, utility and heavy industry sectors.

Mr Fisher holds 45m options and 40m performance rights in CXU.

Michael Fry – Executive Director

Mr Fry is an experienced public company director and senior executive with over 20 years' experience in the resource industry. Mr Fry has a background in accounting and corporate advice having worked with KPMG, Deloitte Touche Tohmatsu, and boutique corporate advisory practice Troika Securities Ltd. More recently, Mr Fry was Chief Financial Officer and Company Secretary of Globe Metals & Mining Limited (ASX: GBE) prior to joining Cauldron as Chief Financial Officer and Company Secretary. Mr Fry is also currently a director of ASX: VMG and the CFO and Company Secretary of ASX:LIN.

Mr Fry holds 0.4m shares, 0.1m options and 30m performance rights in CXU.

Qiu Derong – Non-Executive Director

Mr Qiu is an experienced industrialist with more than 30 years' experience in the architecture, construction and real estate industries in China as well as over 20 years of experience in the management of enterprises and projects throughout the country. Mr Qiu has an MBA obtained from the Oxford Commercial College, a joint program operated by Oxford University in China.

Mr Derong holds 159.6m shares, and 10m options in CXU.

regularly

Judy Li – Non-Executive Director

Ms Judy Li has over 10 years of extensive international trading experience in hazardous chemical products. Judy earned her masters degree in art with Honors Architecture from University of Edinburgh in the United Kingdom.

Chengchong Zhou – Non-Executive Director

Mr Chengchong Zhou is an experienced financial analyst in the materials and energy sector. Mr Zhou received his Bachelor of Science in Economics degree from Wharton Business School in 2013.

Corporate Structure

The Company has 1,163,666,017 shares on issue and dominated by retail/HNW's. The top twenty hold 66.14% of the shares in CXU. The largest shareholder is Parle Investments Pty Ltd with 18.9% of the Company. Parle recently increased ownership via a private placement for $2.025m at an issue price of $0.045/sh, an 11% premium to the 7-day VWAP at the time.

The Company has 273m in the money options on issue, including 200m listed $0.015 options under the ticker CXUO. Total options on issue represent $4.7m in unpaid capital to the company.

The stock is liquid given the market cap, averaging ~$1.5m/day over the previous six months. This could be attributed to the wide ranging community and investor engagement the company and more specifically the CEO, Jonathan Fisher continually and regularly provides via various platforms outside of the ASX. The Company is actively campaigning for Uranium mining and the benefits this would bring to Western Australia and the importance of Uranium as a fuel source for a low carbon future.

Figure 23 – Top Twenty Shareholders

Rank	Name	Shares	%
1	Bond Street Custodians	220,040,183	18.91%
2	Qui Derong	159,570,377	13.71%
3	Sky Shiner Investment Limited	41,866,667	3.60%
4	Yidi Tao	41,666,667	3.58%
5	Joseph Energy (Hong Kong)	41,205,500	3.54%
6	Dekang Qui	40,000,000	3.44%
7	Starry World Investment Ltd	33,898,318	2.91%
8	BNP Paribas Nominees	30,384,989	2.61%
9	Citicorp Nominees	25,981,422	2.23%
10	TBG Capital Pty Ltd	21,485,714	1.85%
11	Christopher Smails & Sharon Smailes	18,518,516	1.59%
12	HSBC Custody Nominees	16,419,984	1.41%
13	Sharon Smailes	11,111,111	0.95%
14	BNP Paribas Nominees	10,133,815	0.87%
15	Citcon Australia Pty Ltd	10,000,000	0.86%
16	Drew Money	10,000,000	0.86%
17	Glenn Money	10,000,000	0.86%
18	Ian Mullholland	9,888,890	0.85%
19	Timothy Crowe	9,500,000	0.82%
20	Regent Point Pty Ltd	8,000,000	0.69%
Total		**769,672,153**	**66.14%**

source – CXU

Figure 24 – Options and Performance Rights

Code	Name	Number	Ex Price	Expiry
CXUO	Listed Options	200,318,849	$0.015	30/12/2025
CXUAB		22,393,100	$0.034	15/03/2024
CXUAY		5,000,000	$0.020	31/05/2025
CXUAAB		15,000,000	$0.015	29/11/2024
CXUAAC		15,000,000	$0.020	30/11/2025
CXUAAD		15,000,000	$0.025	30/11/2026
CXUAAF	Performance Rights	100,000,000		

source – CXU

Risks

Emerging companies are usually subject to normal key person and funding risks. Key risks include but not limited to;

RELIANCE ON KEY PERSONNEL

The board and the management team's ability to develop the process extraction technology, negotiate permitting, source offtake contracts and manage the construction and operation of the projects will have a material impact on the viability of the project.

ACCESS TO FINANCE

Developing the process technology and ongoing project studies require further funding as will the consruction of field leach trials. There is no certainty that capital will become available to the Company at satisfactory commercial terms.

COMMODITY PRICING AND DEMAND

As with all resource projects, geopolitical risks, competitive forces, and changes in commodity application with technological improvements could see demand and or prices for uranium change significantly than those currently contemplated.

PERMITTING RISK

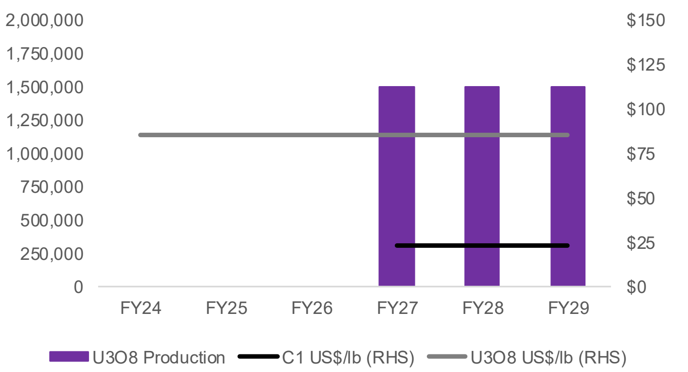
Western Australia has a policy ban on permitting new Uranium mines. Should this policy ban conitnue for the medium/long term the Company will be unable to fund nor commence mining operations.

Financial Model

Cauldron Energy				
CXU.AX				
20-02-24				
Price Information				
Price ($/Share)		$0.044		
Mkt Cap ($m) (dil)		$51.2		
Enterprise Value ($m)		$48.2		
Target Price ($/Share)		$0.09		
Recommendation		SPECULATIVE BUY		
Total Return		104.5%		

Commodity/FX Forecasts	FY24	FY25	FY26	FY27
U3O8 (US$/lb)	$85	$85	$85	$85
AUD:USD	0.70	0.70	0.70	0.70

Production Summary '000



Valuation (DCF, fully diluted for Project Finance)

	A$m	Per Share
Bennet Well	$251.1	$0.08
Melrose	$2.0	$0.00
Corporate	-$8.8	$0.00
ITM Options	$4.0	$0.00
Cash and Investments	$3.0	$0.00
Total	**$251.2**	**$0.08**

Valuation (Peer Based)

	A$m	Per Share
Bennet Well	$136.6	$0.09
Melrose	$2.0	$0.00
ITM Options	$4.0	$0.00
Cash and Investments	$3.0	$0.00
SOI (m)	1,582	
Total	**$145.6**	**$0.09**

Resources & Reserves

Resources	**Resource (mt)**	**Grade (ppm)**	**U3O8 (mlbs)**
Measured	0.0	0	0.0
Indicated	21.9	375	18.1
Inferred	16.9	335	12.5
Total	**38.9**	**358**	**30.6**

Year End - Jun	FY22A	FY23F	FY24F	FY25F	FY26F
KEY METRICS					
EPS Growth (%)	na	na	na	na	na
PER (x)	(4.7)	(12.9)	(24.3)	(31.7)	(21.4)
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0
EV/EBITDA (x)	(4.7)	(13.7)	(10.8)	(19.2)	(29.3)
ROE (%)	1,505.7	1,542.0	(18.1)	(6.9)	(7.5)
ROA (%)	(947.1)	(262.6)	(16.9)	(6.7)	(4.1)
ROIC (%)	753.0	(1,723.7)	(12.7)	(8.6)	(3.7)
PROFIT & LOSS					
Revenue	0.0	0.1	0.0	0.0	0.0
EBITDA	(3.2)	(2.1)	(3.0)	(3.0)	(5.5)
Depreciation & Amortisation	(0.0)	(0.0)	0.0	0.0	0.0
EBIT	(3.2)	(2.1)	(3.0)	(3.0)	(5.5)
Net Interest Expense	0.0	(0.2)	0.0	0.2	0.1
Income Tax	0.0	0.0	0.9	0.8	1.6
NPAT Reported	(3.2)	(2.3)	(2.1)	(2.0)	(3.8)
NPAT Adjusted	(3.2)	(2.3)	(2.1)	(2.0)	(3.8)
PER SHARE DATA					
Shares on Issue (m)	495.7	980.6	1,653.9	2,026.8	2,651.7
EPS Reported	(0.7)	(0.2)	(0.1)	(0.1)	(0.1)
EPS Adjusted	(0.7)	(0.2)	(0.1)	(0.1)	(0.1)
DPS	0.0	0.0	0.0	0.0	0.0
BALANCE SHEET					
Cash	0.2	0.8	18.6	5.0	2.7
Debtors & Inventory	0.1	0.1	0.0	0.0	0.0
PP&E	0.0	0.0	5.0	30.0	147.7
Intangibles	0.0	0.0	0.0	0.0	0.0
Total Assets	0.3	0.8	23.6	35.0	150.5
Borrowings	0.0	0.0	0.0	0.0	82.0
Creditors	1.1	1.0	0.0	0.0	0.0
Total Liabilities	1.1	1.0	0.0	0.0	82.0
Net Assets	(0.8)	(0.1)	23.6	35.0	68.5
BALANCE SHEET RATIOS					
Gearing - Debt/Equity (%)	na	na	na	na	116.9
Interest Cover (x)	na	na	na	na	na
NTA per Share (cps)	(0.0)	0.0	0.0	0.0	0.0
CASH FLOW					
EBITDA	(3.2)	(2.1)	(3.0)	(3.0)	(5.5)
Interest & Tax	0.0	(0.2)	0.9	1.0	1.7
Working Capital Change	0.4	0.1	0.0	0.0	0.0
Operating Cash Flow	(2.8)	(2.1)	(2.1)	(2.0)	(3.8)
Maintenance Capex	0.0	0.0	0.0	0.0	0.0
Free Cash Flow	(2.8)	(2.1)	(2.1)	(2.0)	(3.8)
Capex	(0.0)	(0.0)	(5.0)	(25.0)	(117.7)
Equity Issues	1.8	2.1	24.9	13.3	37.3
Proceeds from Borrowings	0.0	0.5	0.0	0.0	82.0
Other	0.0	0.0	0.0	0.0	0.0
Net Cash Flow	(1.0)	0.5	17.8	(13.6)	(2.2)

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Speculative buy = We expect the stock's total return (nominal yield plus capital appreciation) to exceed 20% over 12 months. The investment may have strong capital appreciation but also has a high degree of risk and there is a significant risk of capital loss.

Speculative Buy	Buy	Hold	Sell
>20%	>20%	20% – 5%	<5%

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