



cauldron
energy

Cauldron Energy Ltd
First Floor 1
1008 Wellington Street
West Perth
WA 6004

20th October 2020

Melina Bath MP
The Environment Planning Committee
Victorian State Government

To Whom it Concerns, c/o Melina Bath MP

**RE: Inquiry into ecosystem decline and a recommendation to create a
Victorian Public Land Use Commission**

Dear Ms. Bath,

I write to you on behalf of Cauldron Energy, an ASX listed resource company with gold exploration interests in the contentious Wombat State Forest region in Victoria. We are aware there is presently an inquiry into ecosystem decline in Victoria and wish to offer some industry insight into the present state of Victoria as a business environment and the effect it is having on both business outcomes and the ecosystem.

Cauldron has considerable experience in delivering sustainably favourable mining projects in Australia and abroad and are at the forefront of a new industry best practice that seeks to improve, rather than merely remediate the natural landscape. At present it is very difficult to engage with the Victorian regulatory authorities in any kind of meaningful way and there appears to be a dictatorial style of management and approval that makes no allowances for industry input at anything other than a reactionary and financial level.

Our experience in dealing with Earth Resources and the Victorian Environment Assessment Council is that the entire process is essentially a 'closed shop' and there exist few avenues for industry to engage with the process except through a very narrow lens, largely dictated by the academic views and constituency of the Council.

The practical outcome is that no balanced assessment of proposals is being undertaken - the considerable contribution that mining could make, not only in terms of economics and jobs creation, but also for land improvement, are being overlooked.

Consequently, Victoria is perceived by the business community and particularly the mining sector as a high-risk locale for investment, with long delays, unexpected costs and sudden shutdown of projects being well-known features of the business

ABN

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CXU

Securities on Issue

393,289,835 shares

6,833,395 Options (*exercise price: \$0.03; expiry 31 Dec 2021*)

16,666,666 Options (*exercise price: \$0.03; expiry 31 Mar 2022*)

10,000,000 Unlisted Options
(*exercise: \$0.03; expiry 16-Sep-22*)

6,000,000 Unlisted Options
(*exercise: \$0.05; expiry 16-Sep-23*)

9,000,000 Performance Rights
(*expiring 10 August 2025*)

Board of Directors

Simon Youds

Non-Executive Chairman

Jess Oram

Executive Director & Chief

Executive Officer

Qiu Derong

Non-executive Director

Judy Li

Non-executive Director

Chenchong Zhou

Non-executive Director

Michael Fry

Company Secretary

landscape. We have noted several cases where these factors have forced projects to close with complete loss of investment capital.

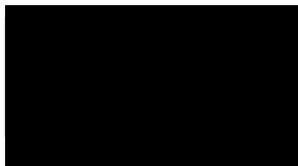
A colleague has outlined a proposal for the creation of an independent Victorian Public Land Use Commission, based on scientific and academic advice, with integrity and transparency as key features that should be built into its structure. Cauldron Energy would resoundingly welcome the creation of such a Commission, to provide a better platform for information exchange, development and more rational, streamlined assessment of proposals and approvals.

As you are no doubt aware, there has been a sharp upturn of interest in the gold sector, particularly in Victoria. Cauldron Energy have been active in the Victorian goldfields prior to the recent boom. Unfortunately, the company's staff and activities but have met with consistent delays extending to active hindrance to the development of a very promising gold project at Blackwood. We are actively engaging with the local groups and expect to reach a win-win resolution for the community and economy.

The junior resource market relies on cycles of funding leading to project news flow from active resource development work on the ground. The inefficient approval cycles and perceived active delaying which prevents work on the ground in a timely fashion causes erosion of market capitalisation, thus presenting a serious hurdle to normal project development. To take advantage of the current and often fickle market interest at this crucial time for the Victorian economy, it is essential that a more efficient and effective structure is put in place to provide both the effective protections of the environment (currently ineffectively) and a reasonable path for resource companies to assist the Victorian economy on its path to recovery.

It is clear to the company that an inclusive process driven by the recommended Commission is the way forward. Without this if this process is left to its own devices any effective Land-use management process stands little chance of being implemented correctly. We are likely to see zero economic value for the State and with the environmental value further eroded by more ecosystem damage from bushfires and poor land management being potentially compounded by climate change impacts.

Yours Sincerely,



Simon Youds

Non-executive Chairman
Cauldron Energy Ltd
(ASX:CXU)