

**CAULDRON ENERGY LIMITED**  
**ACN 102 912 783**

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**ENTITLEMENT ISSUE PROSPECTUS**

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This Prospectus contains the following offers:

- (a) a pro-rata non-renounceable entitlement issue of 1 Share for every 3 Shares held by those Shareholders registered at the Record Date at an issue price of \$0.007 per Share together with 1 free New Option for every 4 Shares applied for and issued to raise up to approximately \$1,630,244 (based on the number of Shares on issue as at the Record Date) (**Offer**); and
- (b) an offer of 1 New Option for every 4 Shares issued under the Offer to the Lead Manager (or its nominee/s) (**Broker Offer**).

This Offer is fully underwritten by Canaccord Genuity (Australia) Limited (AFSL 234 666) (**Lead Manager** or **Underwriter**). Refer to Section 6.4 for details regarding the terms of the underwriting.

**IMPORTANT NOTICE**

This document is important and should be read in its entirety. If, after reading this Prospectus you have any questions about the Securities being offered under this Prospectus or any other matter, then you should consult your professional advisers without delay.

The Securities offered by this Prospectus should be considered as highly speculative.



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## IMPORTANT NOTICE

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This Prospectus is dated 6 December 2022 and was lodged with the ASIC on that date. The ASIC, ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Securities offered by this Prospectus should be considered as highly speculative.

Applications for Securities offered pursuant to this Prospectus can only be made by an original Entitlement and Acceptance Form or Shortfall Application Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus and is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

Representations contained in this Prospectus are made taking into account that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters are publicly available information or may reasonably be expected to be known to investors and professional advisers whom prospective investors may consult.

### No Investment Advice

The information contained in this Prospectus is not financial product advice or investment advice and does not take into account your

financial or investment objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding to subscribe for Securities under this Prospectus to determine whether it meets your objectives, financial situation and needs.

### Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

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, the Directors and the Company's management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 5.

### Overseas shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or

to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Securities will not be issued to Shareholders with a registered address which is outside Australia, New Zealand or Hong Kong.

For further information on overseas Shareholders please refer to Section 2.10.

### Continuous disclosure obligations

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Securities.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the three months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Please refer to Section 6.2 for further details.

## Target Market Determination

In accordance with the design and distribution obligations under the Corporations Act, the Company has determined the target market for the offer of Options issued under this Prospectus. The Company and the Lead Manager will only distribute this Prospectus to those investors who fall within the target market determination (TMD) as set out on the Company's website (<https://www.cauldronenergy.com.au/>). By making an application under the Offer, you warrant that you have read and understood the TMD and that you fall within the target market set out in the TMD.

## Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at <https://www.cauldronenergy.com.au/>. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian, New Zealand or Hong Kong resident and must only access this Prospectus from within Australia or New Zealand.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company by phone on 08 6270 4693 during office hours or by emailing the Company at [IR@cauldronenergy.com.au](mailto:IR@cauldronenergy.com.au).

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

## Company Website

No documents or other information available on the Company's website is incorporated into this Prospectus by reference.

## Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would

contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

## Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will apply to participate in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of Securities issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

## Photographs and Diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

## Definitions and Time

Unless the contrary intention appears or the context otherwise requires, words and phrases contained in this Prospectus have the same meaning and interpretation as given in the Corporations Act and capitalised terms have the meaning given in the Glossary in Section 7.

All references to time in this Prospectus are references to Australian Western Standard Time.

## Privacy statement

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your

application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Securities, the Company may not be able to accept or process your application.

## Enquiries

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult with your broker or legal, financial or other professional adviser without delay. Should you have any questions about the Offers or how to accept the Offer please call the Company Secretary on 08 6270 4693.

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## CORPORATE DIRECTORY

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### Directors

Ian Mulholland (Non-Executive Chairman)  
Qiu Derong (Non-Executive Director)  
Judy Li (Non-Executive Director)  
Chenchong Zhou (Non-Executive Director)  
Michael Fry (Executive Director)

### Company Secretary

Michael Fry

### Registered Office

Unit 2,  
420 Bagot Road  
SUBIACO WA 6008

Telephone: + 61 8 6270 4693  
Facsimile: +61 8 6323 3347

Email: [IR@cauldronenergy.com.au](mailto:IR@cauldronenergy.com.au)

Website:

<https://www.cauldronenergy.com.au/>

### Auditor

BDO Audit (WA) Pty Ltd  
Level 9, Mia Yellagonga Tower 2  
5 Spring Street  
PERTH WA 6000

### Share Registry\*

Advanced Share Registry Ltd  
110 Stirling Highway  
NEDLANDS WA 6009

Telephone (within Aus): 1300 113 258  
Telephone (outside Aus): +61 9389 8033

### Legal Advisers

Steinepreis Paganin  
Lawyers and Consultants  
Level 4, The Read Buildings  
16 Milligan Street  
PERTH WA 6000

### Lead Manager and Underwriter

Canaccord Genuity (Australia) Limited  
Level 23, 2 The Esplanade  
PERTH WA 6000

\*This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

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## CHAIRMAN'S LETTER

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Dear Shareholders,

Cauldron Energy Limited (**Cauldron** or the **Company**) has undergone significant changes in management and strategic direction in recent times.

The new Cauldron, which I have been proud to lead as Chairman since 31 May, includes Jonathan Fisher as recently appointed Chief Executive Officer, and in due course we will recruit a new exploration team.

Cauldron is extremely pleased to have secured Jonathan to lead the Company forward. He is a highly experienced and successful mining executive who will bring new vigour and rigour to the way Cauldron conducts its business.

With a new team comes the opportunity for a new start.

Cauldron plans to re-focus itself on its Yanrey uranium project containing Bennet Well, the fifth largest undeveloped uranium deposit in Western Australia, and do the work necessary to progress the project towards mining approvals.

Analysts are predicting a bright future for uranium as one of the only ways to produce base load electrical power so essential to keep industry and society running, and at the same time reduce carbon dioxide emissions. A further strengthening of the uranium price is expected as governments around the world mandate the construction of nuclear power plants.

The World Nuclear Association reports that there are currently 60 reactors under construction, mostly in the Asian region where electricity demand is rapidly growing, with a further 10 plants on order or planned. It is further reported that the majority of countries with existing nuclear power programs are planning, or already building, new power reactors, and about 32 countries are considering, planning or starting nuclear energy programs. In addition, there exist a number of countries who had previously closed nuclear reactors that are now seeking to restart them.

The In Situ Recovery (ISR) mining process has been proven globally, and domestically, to be the most cost effective and environmentally acceptable method of uranium extraction. This makes deposits, such as the Company's Bennet Well Uranium Deposit, highly valuable due to its amenability to this low-cost form of uranium mining and extraction. According to recent reports, ~57% of global uranium production is sourced from ISR mines.

To achieve its goals, it is necessary for the Company to raise further funds to carry out the work required to progress our Yanrey project. With the support of Canaccord Genuity, the Company is raising approximately \$2.268 million through a Placement (already completed) and this Rights Issue. Further funds may become available should the Company decide to divest its gold and sand projects as mentioned below.

Whilst the Blackwood Gold Project returned a number of high-grade gold intersections in the recent drilling program, the Company's previous strategy of drilling out a small, but high-grade gold resource for mining, has not in the view of the new management team, borne the results needed for Cauldron to take the project forward. Management will now consider opportunities for divestment and joint venture.

The Company's sand project has faced COVID-19 impacts and vexatious claims by third parties that have delayed the transfer of ownership of key mining tenements, and caused the Company to incur unacceptable and unjustified legal costs. Recently

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however, there appears to be growing demand for good quality sand both locally and internationally and the new management team is reviewing ways to monetise the Company's investment through the sale of material from the sand leases or alternatively through divestment of part or all of the project.

Shareholders can rest assured that if the decision is taken to divest of the gold or sands project, or both, management will work to maximise the return for shareholders.

I encourage all shareholders to participate in the Offer and support the Company as we embark on a new journey in the future of the Company.



Ian Mulholland  
Chairman

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## 1. KEY OFFER INFORMATION

### 1.1 Timetable

|   |                             |
|---|-----------------------------|
| Lodgement of Prospectus with the ASIC   | Tuesday, 6 December 2022    |
| Lodgement of Prospectus and Appendix 3B with ASX  | Tuesday, 6 December 2022    |
| Ex date   | Thursday, 8 December 2022   |
| Issue of Placement Shares   | Thursday, 8 December 2022   |
| Record Date for determining Entitlements  | Friday, 9 December 2022     |
| Offer opening date, Prospectus sent out to Shareholders and Company announces this has been completed | Monday, 12 December 2022    |
| Last day to extend the Closing Date   | Thursday, 16 December 2022  |
| Closing Date as at 5:00pm*  | Wednesday, 21 December 2022 |
| Shares quoted on a deferred settlement basis  | Thursday, 22 December 2022  |
| ASX and Underwriter notified of under subscriptions   | Friday, 23 December 2022    |
| Underwriter subscribes for Shortfall under terms of Underwriting /Sub-Underwriting Agreement          | Friday, 23 December 2022    |
| Issue date and lodgement of Appendix 2A with ASX applying for quotation of the Shares                 | Wednesday, 28 December 2022 |
| Quotation of Shares issued under the Offer**  | Thursday, 29 December 2022  |

\*The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. Accordingly, the date the Securities are expected to commence trading on ASX may vary.

### 1.2 Key statistics of the Offer

#### Shares

|  | Full Subscription<br>(\$1,630,244) |
|--|------------------------------------|
| Offer Price per Share                            | \$0.007                            |
| Entitlement Ratio (based on existing Shares)     | 1:3                                |
| Shares on issue <sup>1,2</sup>                   | 698,676,001                        |
| Shares to be issued under the Offer <sup>1</sup> | 232,892,000                        |
| Gross proceeds of the issue of Shares            | \$1,630,244                        |
| <b>Shares on issue Post-Offer</b>                | <b>931,568,001</b>                 |

#### Notes:

1. Refer to Section 4.1 for the terms of the Shares.
  2. This includes:
    - a) 72,133,072, Shares issued to Derong Qiu at \$0.007 on 29 November 2022 pursuant to the conversion of a loan of \$500,000 (plus accrued interest of \$4,931) provided by Derong Qiu under a loan facility entered into between Mr Qiu and the Company (**Director Loan Conversion**) (refer to the Notice of Meeting released on 26 October 2022 for further details relating to the loan facility and the Director Loan Conversion); and
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- b) 91,131,652 Placement Shares issued at \$0.007 per Share to raise \$637,922 (before costs) to be issued on 8 December 2022.

## Options

|  | Full Subscription<br>(\$1,630,244) |
|--|------------------------------------|
| Offer Price per New Option                                     | nil                                |
| Option Entitlement Ratio (based on Shares subscribed for)      | 1:4                                |
| Options currently on issue                                     | 96,707,780                         |
| New Options to be issued under the Offer <sup>1,3</sup>        | 58,223,000                         |
| New Options to be issued under the Broker Offer <sup>2,3</sup> | 58,223,000                         |
| <b>Options on issue Post-Offer</b>                             | <b>213,153,780</b>                 |

### Notes:

1. To be issued free attaching to the Shares issued under the Offer on a 1:4 basis.
2. The Company has agreed to issue to the Underwriter (or its nominee/s) one (1) New Option for every four (4) Shares underwritten by the Underwriter. Given the Offer is fully underwritten, the number of New Options to be issued to the Underwriter equates to the same number of New Options to be issued under the Offer (being 58,223,000 New Options). The New Options to be issued to the Underwriter are subject to shareholder approval to be sought at a meeting to be convened by the Company in due course.
3. Refer to Section 4.2 for the terms of the New Options.

## Performance Rights

|  | Full Subscription<br>(\$1,630,244) |
|--|------------------------------------|
| Performance Rights currently on issue <sup>2</sup> | 3,000,000                          |
| Performance Rights to be issued under the Offer    | Nil                                |

## 1.3 Summary of the Placement and the Offer

### Placement

As announced on 2 December 2022, the Company received firm commitments from sophisticated and professional investors to raise \$637,922 (before costs) (**Placement**) through the issue of 91,131,652 Shares at an issue price of \$0.007 per Share (**Placement Shares**).

The Placement Shares will be issued on 8 December 2022 pursuant to the Company's existing placement capacity under Listing Rules 7.1.

Canaccord acted as lead manager to the Placement and will be paid a management fee of 6% of the gross proceeds raised under the Placement (comprising a 2% management fee and 4% placement fee).

### Offer

The Offer is being made as a non-renounceable entitlement issue of one (1) Share for every three (3) Shares held by Eligible Shareholders registered at the Record Date at an issue price of \$0.007 per Share to raise up to approximately \$1,630,244 (before costs), together with one (1) free attaching New Option for

every four (4) Shares applied for and issued, exercisable at \$0.015 on or before the date that is three (3) years from the date of issue.

Canaccord acted as lead manager and underwriter to the Offer and will be paid:

- (a) an underwriting fee equal to 4% of the total gross amount raised under the Offer;
- (b) an issue management fee of 2% of the total gross amount raised under the Offer; and
- (c) a corporate advisory fee of \$30,000 plus GST for its services in managing the Offer.

In addition, the Company has agreed, subject to Shareholder approval, to issue Canaccord one (1) New Option for every four (4) Shares underwritten by the Underwriter. Given the Offer is fully underwritten, the number of New Options to be issued to the Underwriter equates to the same number of New Options being issued under the Offer (being 58,223,000 New Options).

Further details in respect of the Offer are set out in Section 2.

## 1.4 Key Risk Factors

Prospective investors should be aware that subscribing for Securities involves a number of risks and an investment in the Company should be considered as highly speculative. The future performance of the Company and the value of the Securities may be influenced by a range of factors, many of which are largely beyond the control of the Company and the Directors. The key risks associated with the Company's business, the industry in which it operates and general risks applicable to all investments in listed securities and financial markets generally are set out in Section 5.

The predominant risks relating to the Company and the Offer are summarised below:

| Risk                                       | Description  | Further Information |
|--|--|---------------------|
| <b>Potential for significant dilution</b>  | Risks relating to the dilutionary impacts of the Offer.  | Section 5.2         |
| <b>Exploration risk</b>                    | Risks relating to exploration of mining tenements.   | Section 5.2         |
| <b>Additional requirements for capital</b> | Risks relating to the future capital requirements of the Company and its ability to obtain suitable funding. | Section 5.3         |
| <b>Environmental Risk</b>                  | Risks relating to environmental issues.  | Section 5.3         |

## 1.5 Directors' Interests in Securities

The relevant interest of each of the Directors in the Securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below:

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| Director       | Shares      | Options | Performance Rights | Share Entitlement | New Option Entitlement | \$        |
|----------------|-------------|---------|--------------------|-------------------|------------------------|-----------|
| Ian Mulholland | 1,000,000   | Nil     | Nil                | 333,333           | 83,333                 | \$2,333   |
| Derong Qiu     | 119,677,782 | Nil     | 1,000,000          | 39,892,594        | 9,973,149              | \$279,248 |
| Judy Li        | Nil         | Nil     | 1,000,000          | Nil               | Nil                    | Nil       |
| Chenchong Zhou | Nil         | Nil     | 1,000,000          | Nil               | Nil                    | Nil       |
| Michael Fry    | 66,667      | Nil     | Nil                | 22,222            | 5,556                  | \$156     |

As outlined in Section 1.7, Director Ian Mulholland has each entered into an agreement with the Underwriter to sub-underwrite the Offer up to \$50,000 worth of Shares (7,142,857 Shares and 1,785,714 New Options). Upon completion of the Offer this represents a maximum potential Shareholding of 0.90% for Mr Mulholland a (assuming Mr Mulholland subscribes for his full Entitlement). Refer to Section 6.4 for details regarding the terms of the sub-underwriting agreements.

The Board recommends all Shareholders take up their Entitlements.

The Directors reserve the right to take up their respective Entitlement in whole or in part at their discretion.

## 1.6 Details of Substantial Holders

Based on publicly available information as at the date of this Prospectus and the Record Date, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

| Shareholder                       | Shares      | Date of Prospectus (%) | Record Date (%) |
|-----------------------------------|-------------|------------------------|-----------------|
| Derong Qiu                        | 119,677,782 | 19.70                  | 17.13           |
| Joseph Energy (Hong Kong) Limited | 41,205,500  | 6.78                   | 5.90            |
| Starry World Investment Ltd       | 33,898,318  | 5.58                   | 4.49            |
| Sky Shiner Investment Ltd         | 31,400,000  | 5.17                   | 4.47            |
| Yidi Tao                          | 31,250,000  | 5.14                   | 4.29            |

In the event all Entitlements are accepted there will be no change to the substantial holders on completion of the Offer.

## 1.7 Underwriting and sub-underwriting

The Offer is fully underwritten by Canaccord Genuity (Australia) Limited (AFSL 234 666) (the Underwriter). Refer to Section 6.4 for details of the terms of the Underwriting Agreement.

The Underwriter has also been appointed as the lead manager of the Offer. The terms of the lead manager appointment and total fees payable are set out in Section 6.4 below.

The Underwriter has entered into a number of sub-underwriting agreements in respect of the Shortfall Securities, including a sub-underwriting agreement with Director Ian Mulholland

No sub-underwriter will increase their shareholding to above 19.99% as a direct result of the issue of Securities under the Offer. Where Shares are issued pursuant to the exercise of New Options, the voting power of the sub-underwriters who exercise their New Options will increase. The likelihood of New Options being exercised is dependent on the price of Shares from time to time until the New Options expire.

Refer to Section 6.5 for further detail of the sub-underwriting agreements.

## **1.8 Effect on Control**

The Underwriter is presently not a Shareholder and is not a related party of the Company for the purposes of the Corporations Act. The issue of Shares under this Prospectus to the Underwriter may increase its interest in the Company and dilute the Shareholding of other Shareholders to the extent they elect not to participate in the Offer or are ineligible to participate in the Offer.

In accordance with the terms of the Underwriting Agreement, the Underwriter will allocate the Shortfall to its sub-underwriters and/or clients and people who have otherwise agreed to assist with the completion of the Offer such that neither the Underwriter, the sub-underwriters nor any of the Underwriter's clients, individually, will have a voting power in the Company in excess of 19.9% after the issue of the Shortfall.

The Company, in consultation with the Underwriter, will ensure that the Offer (including the equitable dispersion of any Shortfall Securities) complies with the provisions of Chapter 6 of the *Corporations Act 2001* (Cth) and is otherwise consistent with the policy guidelines contained in ASIC Regulatory Guide 6 and Takeovers Panel Guidance Note 17.

## **1.9 Substantial Shareholders**

As the Offer is fully underwritten, there is not expected to be any change to the substantial holders on completion of the Offer. The Company notes that Director and substantial holder Derong Qiu may acquire up to an additional 39,892,594 Shares through taking up his full Entitlement. However, as the Offer is fully underwritten, Derong Qiu's voting power in the Company will not increase by virtue of his subscription.

## **1.10 Potential dilution on non-participating Shareholders**

In addition to potential control impacts set out in Section 1.9, Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 25% (as compared to their holdings and number of Shares on issue as at the Record Date).

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For illustrative purposes, the table below shows how the dilution may impact the holdings of Shareholders:

| Holder        | Holding as at Record date | % at Record Date | Entitlements under the Offer | Holdings if Offer not taken Up | % post Offer |
|---------------|---------------------------|------------------|------------------------------|--------------------------------|--------------|
| Shareholder 1 | 10,000,000                | 1.43%            | 3,333,333                    | 10,000,000                     | 1.07%        |
| Shareholder 2 | 5,000,000                 | 0.72%            | 1,666,666                    | 5,000,000                      | 0.54%        |
| Shareholder 3 | 1,500,000                 | 0.21%            | 500,000                      | 1,500,000                      | 0.16%        |
| Shareholder 4 | 400,000                   | 0.06%            | 133,333                      | 400,000                        | 0.04%        |
| Shareholder 5 | 50,000                    | 0.007%           | 16,666                       | 50,000                         | 0.005%       |

**Notes:**

1. This is based on a share capital of 698,676,001 Shares as at the Record Date and assumes no Shares other than the Placement Shares and no Options currently on issue or other Shares are issued including New Options or Performance Rights are exercised.
2. The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted by Eligible Shareholders are placed under the Broker Offer. In the event all Entitlements are not accepted and some or all of the resulting Shortfall was not subsequently placed, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage.

No immediate dilution will occur as a result of the issue of New Options under this Prospectus. However subsequent exercise of any or all of the New Options will result in dilution. Assuming all New Options offered pursuant to this Prospectus are issued and exercised into Shares, Shareholders who do not participate in the Offer, are likely to be diluted by an aggregate of approximately 33.33% (as compared to their holdings and number of Shares on issue as at the Record Date).

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## 2. DETAILS OF THE OFFER

### 2.1 The Offer

The Offer is being made as a pro-rata non-renounceable entitlement issue of 1 Share for every 3 Shares held by Shareholders registered at the Record Date at an issue price of \$0.007 per Share together with 1 New Option for every 4 Shares subscribed for and issued. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the Record Date, (and assuming no Shares other than the Placement Shares are issued prior to the Record Date including on exercise or conversion of securities on issue) approximately 232,892,000 Shares and 116,446,000 New Options may be issued under the Offers to raise up to \$1,630,244. No funds will be raised from the issue of the New Options.

As at the date of this Prospectus the Company has 96,707,780 Options on issue all of which may be exercised prior to the Record Date in order to participate in the Offer. Please refer to Section 4.2 for information on the exercise price and expiry date of the Options on issue.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 4.1 for further information regarding the rights and liabilities attaching to the Shares. The New Options will be exercisable at \$0.015 on or before the date which is three (3) years from their date of issue and otherwise on the terms set out in Section 4.2.

The purpose of the Offer and the intended use of funds raised are set out in Section 3.

### 2.2 The Broker Offer

The Broker Offer is an offer of up to 58,223,000 New Options to the Underwriter (or its nominees), in part consideration for lead manager and underwriting services provided in relation to the Offer (refer to Sections **Error! Reference source not found.** and 1.7).

In accordance with the Underwriting Agreement, the Company will pay/issue the Underwriter (or its nominee):

- (a) an underwriting fee equal to 4% of the total gross amount raised under the Offer;
- (b) an issue management fee of 2% of the total gross amount raised under the Offer; and
- (c) a corporate advisory fee of \$30,000 plus GST for its services in managing the Offer; and
- (d) 1 New Option for every 4 Shares issued pursuant to the Offer, subject to the receipt of Shareholder approval.

The New Options offered under the Broker Offer will be issued on the terms and conditions set out in Section 4.2. The Company will not apply for Official Quotation of the New Options to be issued under the Broker Offer.

The purpose of the Broker Offer is to satisfy part of the Company's obligations under the Underwriting Agreement and to remove the need for an additional

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disclosure document to be issued upon the sale of any Shares that are issued on exercise of the New Options subscribed for by the Lead Manager (or its nominees).

Only the Lead Manager (or its nominees) may apply under the Broker Offer. A personalised Broker Offer Application Form in relation to the Broker Offer will be issued to the Lead Manager together with a copy of this Prospectus. You should not complete a Broker Offer Application Form unless specifically directed to do so by the Company.

## 2.3 What Eligible Shareholders may do

The number of Securities to which Eligible Shareholders are entitled is shown on the personalised Entitlement and Acceptance Form which accompanies this Prospectus. Eligible Shareholders may choose any of the options set out in the table below.

| Option   | Key Considerations  | For more information         |
|--|---|------------------------------|
| <b>Take up all of your Entitlement</b>   | <ul style="list-style-type: none"> <li>Should you wish to accept all of your Entitlement, then your application for Securities under this Prospectus must be made by following the instructions on the personalised Entitlement and Acceptance Form which accompanies this Prospectus. Please read the instructions carefully.</li> <li>Payment can be made by the methods set out in Section 2.4. As set out in Section 2.4, if you pay by BPAY, you do not need to return the Entitlement and Acceptance Form.</li> </ul>   | Section 2.4 and Section 2.5. |
| <b>Take up all of your Entitlement and also apply for Shortfall Securities</b> | <ul style="list-style-type: none"> <li>Should you wish to accept all of your Entitlement and apply for Shortfall Securities, then your application for your Entitlement and additional Shortfall Securities under this Prospectus must be made by following the instructions on your personalised Entitlement and Acceptance Form which accompanies this Prospectus. Please read the instructions carefully.</li> <li>Payment can be made by the methods set out in Section 2.4. Payment should be made for your Entitlement and the amount of the Shortfall for which you are applying.</li> <li>If you apply for Shortfall Securities beyond your Entitlement you are deemed to have accepted your Entitlement in full. You should note that the allocation of Shortfall</li> </ul> | Section 2.4 and Section 2.5. |

| Option   | Key Considerations  | For more information        |
|--|---|-----------------------------|
|  | <p>Securities is at the Company's absolute discretion (in consultation with the Lead Manager). Accordingly, your application for additional Shortfall Securities may be scaled-back.</p> <ul style="list-style-type: none"> <li>The Company's decision on the number of Shortfall Securities to be allocated to you will be final.</li> </ul>   |                             |
| <b>Take up a proportion of your Entitlement and allow the balance to lapse</b> | <ul style="list-style-type: none"> <li>If you wish to take up only part of your Entitlement and allow the balance to lapse, your application must be made by completing the personalised Entitlement and Acceptance Form which accompanies this Prospectus for the number of Securities you wish to take up and making payment using the methods set out in Section 2.4 below. As set out in Section 2.4, if you pay by BPAY, you do not need to return the Entitlement and Acceptance Form.</li> </ul> | Section 2.4 and Section 2.5 |
| <b>Allow all or part of your Entitlement to lapse</b>                          | <ul style="list-style-type: none"> <li>If you do not wish to accept any part of your Entitlement, you are not obliged to do anything. If you do not take up your Entitlement by the Closing Date, the Offer to you will lapse.</li> </ul>   | N/A                         |

The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

## 2.4 Payment options

### (a) By BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (i) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form;
- (ii) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your Application monies; and
- (iii) if you pay more than is required to subscribe for your Entitlement, you will be taken to have applied for Shortfall



Securities (if any) under the Shortfall Offer, to the extent of the excess.

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. **It is your responsibility to ensure that funds submitted through BPAY® are received by 5:00pm (WST) on the Closing Date. The Company shall not be responsible for any delay in the receipt of the BPAY® payment.**

#### **Guidance where you have more than one CRN (Shareholding of Shares)**

If you have more than one shareholding of Shares and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those Shareholdings only use the CRN specific to that Shareholding as set out in the applicable Entitlement and Acceptance Form. **Do not use the same CRN for more than one of your Shareholdings.** This can result in your Application monies being applied to your Entitlement in respect of only one of your Shareholdings (with the result that any Application in respect of your remaining Shareholdings will not be valid).

#### **(b) By Electronic Funds Transfer (overseas applicants)**

For payment by Electronic Funds Transfer (**EFT**) for overseas Eligible Shareholders, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via EFT if you are the holder of an account that supports EFT transactions to an Australian bank account. Please note that should you choose to pay by EFT:

- (i) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form;
- (ii) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your Application monies; and
- (iii) if you pay more than is required to subscribe for your Entitlement, you will be taken to have applied for Shortfall Securities (if any) under the Shortfall Offer, to the extent of the excess.

#### **(c) By Cheque**

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to “**Cauldron Energy Limited**” and crossed “Not Negotiable”.

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry no later than 5:00pm (WST) on the Closing Date.

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## **2.5 Implications of an acceptance**

Returning a completed Entitlement and Acceptance Form or paying any Application monies by BPAY® will be taken to constitute a representation by you that:

- (a) you have received a copy of this Prospectus and the accompanying Entitlement and Acceptance Form, and read them both in their entirety;
- (b) you acknowledge that once the Entitlement and Acceptance Form is returned, or a BPAY® payment instruction is given in relation to any Application monies, the application may not be varied or withdrawn except as required by law.

## **2.6 Minimum subscription**

There is no minimum subscription.

## **2.7 Shortfall Offer**

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer (**Shortfall Securities**). The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.007 being the price at which Shares have been offered under the Offer.

If you do not wish to take up any part of your Entitlement you are not required to take any action. That part of your Entitlement not taken up will form part of the Shortfall Offer and potentially be allocated to other Eligible Shareholders or other third parties as part of the Shortfall Offer. The Shortfall Offer will only be available where there is a Shortfall between applications received from Eligible Shareholders and the number of Shares proposed to be issued under the Offer.

Eligible Shareholders who wish to subscribe for Securities above their Entitlement are invited to apply for Shortfall Securities under the Shortfall Offer by completing the appropriate section on their Entitlement and Acceptance Form or by making payment for such Shortfall Securities in accordance with Section 2.4.

Allocation of the Shortfall Shares will be at the discretion of the Board in conjunction with the Underwriter and will otherwise be subject to the terms of the Underwriting Agreement, details of which are set out in Section 6.4. If the Offer is oversubscribed (by take up of Entitlements and applications for Shortfall Securities by Eligible Shareholders), scale back will be applied to applications under the Shortfall Offer on a pro-rata basis to the respective shareholdings of Eligible Shareholders. There is no guarantee that Eligible Shareholders will receive Securities applied for under the Shortfall Offer.

The Underwriter notes that no Securities will be issued to an applicant under this Prospectus or via the Shortfall Offer if the issue of Securities would contravene the takeover prohibition in section 606 of the Corporations Act. Similarly, no Securities will be issued via the Shortfall Offer to any related parties of the Company.

## **2.8 ASX listing**

Application for Official Quotation of the Securities offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. If ASX does not grant Official Quotation of the Shares offered pursuant to this

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Prospectus before the expiration of three months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all Application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The Company will not apply for Official Quotation of the New Options issued pursuant to this Prospectus.

## **2.9 Issue of Securities**

Securities issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and timetable set out at Section 1.

Securities issued pursuant to the Shortfall Offer will be issued on a progressive basis. Where the number of Securities issued is less than the number applied for, or where no issue is made surplus Application monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

Pending the issue of the Securities or payment of refunds pursuant to this Prospectus, all Application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Securities issued under the Offer will be mailed as soon as practicable after the issue of Securities and for Shortfall Securities issued under the Shortfall Offer as soon as practicable after their issue.

## **2.10 Overseas shareholders**

### ***New Zealand***

The Securities are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021 (New Zealand).

This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

### ***Hong Kong***

**WARNING:** The contents of this Prospectus have not been reviewed or approved by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Offer. If you are in any doubt about any of the contents of this Prospectus, you should obtain independent professional advice.

This Prospectus does not constitute an offer or invitation to the public in Hong Kong to acquire or subscribe for or dispose of any securities. This Prospectus also does not constitute a prospectus (as defined in section 2(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong)) or notice, circular, brochure or advertisement offering any

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securities to the public for subscription or purchase or calculated to invite such offers by the public to subscribe for or purchase any securities, nor is it an advertisement, invitation or document containing an advertisement or invitation falling within the meaning of section 103 of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

Accordingly, unless permitted by the securities laws of Hong Kong, no person may issue or cause to be issued this Prospectus in Hong Kong, other than to persons who are "professional investors" as defined in the Securities and Futures Ordinance and any rules made thereunder or in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance or which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

No person may issue or have in its possession for the purposes of issue, this Prospectus or any advertisement, invitation or document relating to these securities, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than any such advertisement, invitation or document relating to securities that are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made thereunder.

#### ***Nominees and custodians***

Nominees and custodians may not submit an Entitlement and Acceptance Form on behalf of any Shareholder resident outside Australia, New Zealand or Hong Kong without the prior consent of the Company, taking into account relevant securities law restrictions. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

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### 3. PURPOSE AND EFFECT OF THE OFFER

#### 3.1 Purpose of the offer

The purpose of the Offer is to raise up to approximately \$1,630,244 before costs.

The funds raised from the Offer are intended to be applied in accordance with the table set out below:

| Item | Proceeds of the Offer               | Full Subscription (\$) | %           |
|------|-------------------------------------|------------------------|-------------|
| 1.   | Yanrey Uranium Project <sup>1</sup> | \$250,000              | 15.34%      |
| 2.   | New project opportunities           | \$250,000              | 15.34%      |
| 3.   | Working capital                     | \$976,325              | 59.89%      |
| 4.   | Expenses of the Offer <sup>2</sup>  | \$153,919              | 9.44%       |
|      | <b>Total</b>                        | <b>\$1,630,244</b>     | <b>100%</b> |

**Notes:**

1. The Company intends to undertake a drilling program at Yanrey in early 2023, testing high grade uranium targets identified in historical work. This initial program is expected to cost approximately \$650,000, \$400,000 of which will be funded from the Placement and the remaining \$250,000 of which will be funded from the Offer.
2. Refer to Section 6.9 for further details relating to the estimated expenses of the Offer.

On completion of the Offer, the Board believes the Company will have sufficient working capital to achieve its stated objectives. In the event the Offer is not fully subscribed, operational objectives are likely to be modified, which may result in delay or substantial changes to the Company's future plans.

In addition, it should be noted that the Company's budgets and forecasts will be subject to modification on an ongoing basis depending on the results achieved from its business activities and operations.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

#### 3.2 Effect of the Offer

The principal effect of the Offer, assuming the Placement Shares are issued, and all Entitlements are accepted and no Shares are issued including on exercise or conversion of other Securities on issue prior to the Record Date, will be to:

- (a) increase the cash reserves by \$1,476,325 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer;
  - (b) increase the number of Shares on issue from 698,676,000 to 931,568,000 Shares; and
  - (c) increase the number of Options on issue from 96,707,780 as at the date of this Prospectus to 213,153,780 Options.
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### 3.3 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted and no Shares are issued including on exercise or conversion of other Securities on issue prior to the Record Date, is set out below.

#### Shares

|  | Number             |
|--|--------------------|
| Shares currently on issue                                  | 607,544,349        |
| Shares to be issued pursuant to the Placement              | 91,131,652         |
| Shares offered pursuant to the Offer                       | 232,892,000        |
| <b>Total Shares on issue after completion of the Offer</b> | <b>931,568,001</b> |

#### Options

|  | Number                  |
|--|-------------------------|
| Options currently on issue   |                         |
| Unquoted Options exercisable at \$0.05 each on or before 30 November 2023  | 61,001,898              |
| Unquoted Options exercisable at \$0.03 each on or before 16 September 2023 | 6,000,000               |
| Unquoted Options exercisable at \$0.034 each on or before 15 March 2024    | 24,705,882              |
| Unquoted Options exercisable at \$0.02 each on or before 31 May 2025       | 5,000,000               |
| <b>Total Options on issue as at the date of this Prospectus</b>            | <b>96,707,780</b>       |
| New Options to be issued pursuant to the Offer                             | 58,223,000 <sup>1</sup> |
| New Options to be issued to the Underwriter                                | 58,223,000 <sup>1</sup> |
| <b>Total Options on issue after completion of the Offer<sup>2</sup></b>    | <b>213,153,780</b>      |

#### Notes:

1. Refer to Section 2.2 for further details of the Broker Offer.
2. The Company also notes that it has agreed to issue, subject to shareholder approval, a total of 45,000,000 Options to Chief Executive Officer Mr Jonathan Fisher, comprising:
  - (a) 15,000,000 Options exercisable at \$0.015 each on or before 25 November 2024;
  - (b) 15,000,000 Options exercisable at \$0.02 each on or before 30 November 2025; and
  - (c) 15,000,000 Options exercisable at \$0.025 each on or before 30 November 2026.

#### Performance Rights

|  | Number           |
|--|------------------|
| Performance Rights currently on issue                                      | 3,000,000        |
| Performance Rights to be issued under this Prospectus                      | nil              |
| <b>Total Performance Rights on issue as at the date of this Prospectus</b> | <b>3,000,000</b> |

The capital structure on a fully diluted basis as at the date of this Prospectus would be 707,252,129 Shares and on completion of the Offer (assuming all Entitlements are accepted, and no Shares are issued including on exercise or

conversion of other Securities on issue prior to the Record Date) would be 1,157,721,781 Shares.

No Shares or Options on issue are subject to escrow restrictions, either voluntary or ASX imposed.

### 3.4 Pro-forma balance sheet

The audited balance sheet as at 30 June 2022 and the unaudited pro-forma balance sheet adjustments in the period 1 July 2022 to 30 November 2022 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position for major items.

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted, no Options or convertible securities are exercised prior to the Record Date and including expenses of the Offer.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

|   |           | Loan<br>Receipt<br>and<br>Conversion | Placement | Rights    | Adjusted  |
|---|-----------|--------------------------------------|-----------|-----------|-----------|
|   | 30-Jun-22 |                                      |           |           | 30-Jun-22 |
| <b>ASSETS</b>   |           |                                      |           |           |           |
| <b>Current assets</b>                                 |           |                                      |           |           |           |
| Cash and cash equivalents                             | 235,738   | 500,000                              | 599,082   | 1,476,325 | 2,811,145 |
| Trade and other receivables                           | 77,800    |                                      |           |           | 77,800    |
| Investments   | -         |                                      |           |           | -         |
| Loans Receivable                                      | -         |                                      |           |           | -         |
| Financial assets at fair value through profit or loss | 359,560   |                                      |           |           | 359,560   |
| <b>Total current assets</b>                           | 673,098   |                                      |           |           | 3,248,505 |
| <b>Non-current assets</b>                             |           |                                      |           |           |           |
| Exploration and evaluation                            | 3,614,106 |                                      |           |           | 3,614,106 |
| Plant and equipment                                   | 8,000     |                                      |           |           | 8,000     |
| <b>Total non-current assets</b>                       | 3,622,106 |                                      |           |           | 3,622,106 |
| <b>Total assets</b>                                   | 4,295,204 |                                      |           |           | 6,870,611 |

|                                      |             | Loan<br>Receipt<br>and<br>Conversion | Placement | Rights    | Adjusted    |
|--------------------------------------|-------------|--------------------------------------|-----------|-----------|-------------|
| <b>LIABILITIES</b>                   |             |                                      |           |           |             |
| <b>Current liabilities</b>           |             |                                      |           |           |             |
| Trade and other payables             | 1,087,481   |                                      |           |           | 1,087,481   |
| Employee entitlements                | 22,052      |                                      |           |           | 22,052      |
| <b>Total current liabilities</b>     | 1,109,533   |                                      |           |           | 1,109,533   |
| <b>Non-current liabilities</b>       |             |                                      |           |           |             |
| Employee entitlements                | -           |                                      |           |           | -           |
| <b>Total non-current liabilities</b> | -           |                                      |           |           | -           |
| <b>Total liabilities</b>             | 1,109,533   |                                      |           |           | 1,109,533   |
| <b>Net assets</b>                    | 3,185,671   |                                      |           |           | 5,777,183   |
| <b>Equity</b>                        |             |                                      |           |           |             |
| Issued capital                       | 60,061,504  | 504,932                              | 599,082   | 1,476,325 | 62,641,843  |
| Reserves                             | 5,218,950   |                                      |           |           | 5,218,950   |
| Minority Interests                   | 779,448     |                                      |           |           | 779,448     |
| Accumulated losses                   | -62,874,231 | -4,932                               |           |           | -62,879,163 |
| <b>Total equity</b>                  | 3,185,671   |                                      |           |           | 5,761,078   |



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## **4. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES**

### **4.1 Rights and liabilities attaching to Shares**

The following is a summary of the more significant rights and liabilities attaching to the Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

#### **(a) General meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

#### **(b) Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

#### **(c) Dividend rights**

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

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The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

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(h) **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

## **4.2 Terms of New Options**

(a) **Entitlement**

Each Option entitles the holder to subscribe for 1 Share upon exercise of the New Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each New Option will be \$0.015 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00pm (WST) on the date which is 3 years from the date of issue (**Expiry Date**). A New Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The New Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The New Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the New Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each New Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment

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of the Exercise Price for each New Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 5 business days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of New Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the New Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 business days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the New Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the New Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the New Options without exercising the New Options.

(k) **Change in exercise price**

An New Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the New Option can be exercised.

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(l) **Transferability**

The New Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

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## 5. RISK FACTORS

### 5.1 Introduction

The Securities offered under this Prospectus should be considered as highly speculative and an investment in the Company is not risk free.

The Directors strongly recommend that prospective investors consider the risk factors set out in this Section 5, together with all other information contained in this Prospectus.

The future performance of the Company and the value of the Securities may be influenced by a range of factors, many of which are largely beyond the control of the Company and the Directors. The key risks associated with the Company's business, the industry in which it operates and general risks applicable to all investments in listed securities and financial markets generally are described below.

The risks factors set out in this Section 5, or other risk factors not specifically referred to, may have a materially adverse impact on the performance of the Company and the value of the Securities. This Section 5 is not intended to provide an exhaustive list of the risk factors to which the Company is exposed.

Before determining whether to invest in the Company you should ensure that you have a sufficient understanding of the risks described in this Section 5 and all of the other information set out in this Prospectus and consider whether an investment in the Company is suitable for you, taking into account your objectives, financial situation and needs.

If you do not understand any matters contained in this Prospectus or have any queries about whether to invest in the Company, you should consult your accountant, financial adviser, stockbroker, lawyer or other professional adviser.

### 5.2 Company specific

| Risk Category                 | Risk  |
|-------------------------------|---|
| <b>Potential for dilution</b> | <p>In addition to potential control impacts set out in Section 1.8, Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 25% (as compared to their holdings and number of Shares on issue as at the date of this Prospectus).</p> <p>No immediate dilution will occur as a result of the issue of New Options under this Prospectus. However subsequent exercise of any or all of the New Options will result in dilution. Assuming all New Options offered pursuant to this Prospectus are issued and exercised into Shares, Shareholders who do not participate in the Offer, are likely to be diluted by an aggregate of approximately 33.33% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus).</p> <p>It is not possible to predict what the value of the Company, a Share or an Option will be following the completion of the Offer being implemented and the Directors do not make any representation as to such matters.</p> |

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| Risk Category                                     | Risk   |
|---|--|
|   | <p>The last trading price of Shares on ASX prior to the Prospectus being lodged of \$0.010 is not a reliable indicator as to the potential trading price of Shares after implementation of the Offer.</p>  |
| <p><b>Additional requirements for capital</b></p> | <p>The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.</p>   |
| <p><b>Going Concern</b></p>                       | <p>The Company's annual report for the financial year ended 30 June 2022 (<b>Financial Report</b>) includes a note on the financial condition of the Company and the possible existence of a material uncertainty about the Company's ability to continue as a going concern.</p> <p>Notwithstanding the 'going concern' qualification included in the Financial Report, the Directors believe that upon the successful completion of the Offer, the Company will have sufficient funds to adequately meet the Company's current exploration commitments and short term working capital requirements.</p> <p>In the event that the Offer is not completed successfully there is significant uncertainty as to whether the Company can continue as a going concern which is likely to have a material adverse effect on the Company's activities.</p> |

| Risk Category                 | Risk  |
|-------------------------------|---|
| <b>Climate Risk</b>           | <p>There are a number of climate-related factors that may affect the operations and proposed activities of the Company. The climate change risks particularly attributable to the Company include:</p> <ul style="list-style-type: none"> <li>(a) the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact the Company and its profitability. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences; and</li> <li>(b) climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Company operates.</li> </ul> |
| <b>Coronavirus (COVID-19)</b> | <p>The coronavirus (<b>COVID-19</b>) is continuing to impact global markets, commodity prices and foreign exchange rates. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any governmental or industry measures taken in response to COVID-19 may adversely impact the Company's operations and are likely to be beyond the control of the Company.</p> <p>The COVID-19 pandemic may also give rise to supply chain disruptions or fluctuations in the availability of equipment which may cause delays or cost increases. In addition, the effects of COVID-19 on the Company's Share price and global financial markets generally may also affect the Company's ability to raise equity or debt or require the Company to issue capital at a discount, which may in turn cause dilution to Shareholders.</p> <p>The Directors are monitoring the situation closely and have considered the impact of COVID-19 on the Company's business and financial performance. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain.</p>  |



| Risk Category             | Risk   |
|---------------------------|--|
| <b>Related Party Risk</b> | <p>The Company has a number of key contractual relationships with related parties. If these relationships breakdown and the related party agreements are terminated, there is a risk that the Company may not be able to find a satisfactory replacement.</p> <p>Further, the operations of the Company will require involvement of related parties and other third parties including suppliers, manufacturers and customers. With respect to these persons and despite applying best practice in terms of pre-contracting due diligence, the Company is unable to completely avoid the risk of:</p> <ul style="list-style-type: none"> <li>(a) financial failure or default by a participant in any agreement to which the Company may become a party; and/or</li> <li>(b) insolvency, default on performance or delivery by any operators, contractors or service providers.</li> </ul> <p>There is also a risk that where the Company has engaged a contractor who is a related party, the contract between the contractor and the Company may terminate for reasons outside of the control of the Company. This may then result in the termination of the contract between the Company and the contractor and the impact the Company's position, performance and reputation.</p> |

### 5.3 Industry specific

| Risk Category        | Risk   |
|----------------------|--|
| <b>Environmental</b> | <p>The operations and proposed activities of the Company are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.</p> <p>Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall or bushfires may impact on the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.</p> |

| Risk Category      | Risk   |
|--------------------|--|
|                    | <p>The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the Company's operations more expensive.</p> <p>Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programmes or mining activities.</p> <p>In this regard, the Department of Mines, Industry Regulation and Safety in Western Australia and the Earth Resource Regulation in Victoria from time to time reviews the environmental bonds that are placed on tenements. The Directors are not in a position to state whether a review is imminent or whether the outcome of such a review would be detrimental to the funding needs of the Company.</p>  |
| <b>Exploration</b> | <p>The mineral tenements of the Company are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.</p> <p>There can be no assurance that exploration of these tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.</p> <p>The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.</p> <p>The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its Tenements and obtaining all required approvals for its activities. In the event that exploration programmes prove to be unsuccessful this could lead to a diminution in the value of the Tenements, a reduction in the case reserves of the Company and possible relinquishment of the Tenements.</p> <p>The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.</p> |

| Risk Category           | Risk   |
|-------------------------|--|
| <b>Metallurgy risk</b>  | <p>When compared with many industrial and commercial operations, mining exploration projects are high risk. Each ore body is unique and the nature of the mineralisation, the occurrence and grade of the ore, as well as its behaviour during mining can never be wholly predicted. Estimations of a mineral deposit are not precise calculations but are based on interpretation and on samples from drilling which represent a very small sample of the entire ore body.</p> <p>Reconciliation of past production and reserves, where available, can confirm the reasonableness of past estimates, but cannot categorically confirm accuracy of future projections.</p> <p>The applications of metallurgical test work results and conclusions to the process design, recoveries and throughput depend on the accuracy of the test work and assumption that the sample tests are representative of the ore body as a whole. There is a risk associated with the scale-up of laboratory and pilot plant results to a commercial scale and with the subsequent design and construction of any plant.</p>  |
| <b>Mine development</b> | <p>Possible future development of a mining operation at any of the Company's Projects is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.</p> <p>If the Company commences production, its operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement of hazardous weather conditions and fires, explosions or accidents. No assurance can be given that the Company will achieve commercial viability through the development or mining of its Projects.</p> <p>The risks associated with the development of a mine will be considered in full should the Projects reach that stage and will be managed with ongoing consideration of stakeholder interests.</p> |

| Risk Category                              | Risk   |
|--|--|
| <b>Occupational health and safety risk</b> | <p>The Company is committed to providing a healthy and safe environment for its personnel, contractors and visitors. Mining activities have inherent risks and hazards. The Company provides appropriate instructions, equipment, preventative measures, first aid information and training to all stakeholders through its occupational, health and safety management systems.</p>  |
| <b>Operational risks</b>                   | <p>The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, insufficient or unreliable infrastructure such as power, water and transport, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.</p> <p>In the event that any of these potential risks eventuate, the Company's operational and financial performance may be adversely affected. No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.</p> |
| <b>Resource estimates</b>                  | <p>The Company presently has a JORC Code compliant resource on the Bennet Well tenement. An Exploration Target is conceptual in nature and is therefore an approximation. There is insufficient exploration drilling to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource. In the event a resource is delineated this would be an estimate only. An estimate is an expression of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.</p>   |

| Risk Category                                     | Risk  |
|---|---|
| <b>Safety</b>                                     | <p>Safety is a fundamental risk for any exploration and production company in relation to personal injury, damage to property and equipment and other losses. The occurrence of any of these risks could result in legal proceedings against the Company and substantial losses to the Company due to injury or loss of life, damage or destruction of property, regulatory investigation, and penalties or suspension of operations.</p> <p>Damage occurring to third parties as a result of such risks may give rise to claims against the Company.</p>   |
| <b>Failure to satisfy Expenditure Commitments</b> | <p>Interests in tenements in Western Australia are governed by the mining acts and regulations that are current in Western Australia and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in the Tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.</p> |

#### 5.4 General risks

| Risk Category            | Risk   |
|--------------------------|--|
| <b>Economic</b>          | <p>General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.</p>  |
| <b>Market conditions</b> | <p>Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:</p> <ul style="list-style-type: none"> <li>(a) general economic outlook;</li> <li>(b) introduction of tax reform or other new legislation;</li> <li>(c) interest rates and inflation rates;</li> <li>(d) changes in investor sentiment toward particular market sectors;</li> <li>(e) the demand for, and supply of, capital; and</li> <li>(f) terrorism or other hostilities.</li> </ul> <p>The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.</p> |

| Risk Category                      | Risk  |
|------------------------------------|---|
| <b>Litigation risks</b>            | <p>The Company is exposed to possible litigation risks including intellectual property claims, contractual disputes, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.</p>  |
| <b>Dividends</b>                   | <p>Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.</p>   |
| <b>Taxation</b>                    | <p>The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All prospective investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.</p> <p>To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Securities under this Prospectus.</p>  |
| <b>Reliance on key personnel</b>   | <p>The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.</p>   |
| <b>General Economic Conditions</b> | <p>General economic conditions, laws relating to taxation, new legislation, trade barriers, movements in interest and inflation rates, currency exchange controls and rates, national and international political circumstances (including outbreaks in international hostilities, wars, terrorist acts, sabotage, subversive activities, security operations, labour unrest, civil disorder, and states of emergency), natural disasters (including fires, earthquakes and floods), and quarantine restrictions, epidemics and pandemics, may have an adverse effect on the Company's operations and financial performance, including the Company's exploration, development and production activities, as well as on its ability to fund those activities.</p> <p>General economic conditions may also affect the value of the Company and its market valuation regardless of its actual performance.</p> |

| Risk Category | Risk  |
|---------------|---|
|               | Specifically, it should be noted that the current evolving conflict between Ukraine and Russia is impacting global macroeconomics and markets generally. The nature and extent of the effect of this conflict on the performance of the Company and the value of CXU Shares remains unknown. The CXU Share price may be adversely affected in the short to medium term by the economic uncertainty caused by the conflict between Ukraine and Russia and overall impacts on global macroeconomics. Given the situation is continually evolving, the outcomes and consequences are inevitably uncertain. |

## 5.5 Speculative investment

The risk factors described above, and other risks factors not specifically referred to, may have a materially adverse impact on the performance of the Company and the value of the Securities.

Prospective investors should consider that an investment in the Company is highly speculative.

There is no guarantee that the Securities offered under this Prospectus will provide a return on capital, payment of dividends or increases in the market value of those Securities.

Before deciding whether to subscribe for Securities under this Prospectus you should read this Prospectus in its entirety and consider all factors, taking into account your objectives, financial situation and needs.



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## **6. ADDITIONAL INFORMATION**

### **6.1 Litigation**

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

### **6.2 Continuous disclosure obligations**

As set out in the Important Notes Section of this Prospectus, the Company is a disclosing entity for the purposes of section 713 of the Corporations Act. Accordingly, information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - (i) the annual financial report most recently lodged by the Company with the ASIC;
  - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
  - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

| Date     | Description of Announcement                                  |
|----------|--|
| 02/12/22 | Clarification Announcement                                   |
| 02/12/22 | Cleansing Notice   |
| 02/12/22 | Change of Address of Registered Office and Place of Business |

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| Date     | Description of Announcement                               |
|----------|---|
| 02/12/22 | Proposed issue of securities – CXU                        |
| 02/12/22 | Proposed issue of securities – CXU                        |
| 02/12/22 | Proposed issue of securities – CXU                        |
| 02/12/22 | Proposed issue of securities – CXU                        |
| 02/12/22 | Placement and Rights Issue to raise circa \$2.268 Million |
| 02/12/22 | Appointment of Jonathan Fisher as Chief Executive Officer |
| 01/12/22 | Notification of cessation of securities – CXU             |
| 30/11/22 | Trading Halt  |
| 30/11/22 | Notification regarding unquoted securities - CXU          |
| 30/12/22 | Application for quotation of securities - CXU             |
| 29/11/22 | Results of Annual General Meeting                         |

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website <https://www.cauldronenergy.com.au/>.

### 6.3 Market price of Shares and New Options

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares and New Options are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

|         | (\$)    | Date              |
|---------|---------|-------------------|
| Highest | \$0.015 | 21/09/22          |
| Lowest  | \$0.009 | 14/09/22, 2/12/22 |
| Last    | \$0.010 | 05/12/22          |

### 6.4 Underwriting Agreement

The Company has entered into an underwriting agreement (**Underwriting Agreement**) with Canaccord, pursuant to which Canaccord has agreed to fully underwrite the Offer.

The Underwriter may appoint sub-underwriters to sub-underwrite the Offer. The appointment of any sub-underwriter and the allocation of any Underwritten Securities is at the sole discretion of the Underwriter, subject to ensuring that no sub-underwriter (together with their associates) acquires a relevant interest in more than 19.99% of the issued share capital of the Company.

The material terms and conditions of the Underwriting Agreement are summarised below:

|                                  |   |
|----------------------------------|---|
| <b>Fees</b>                      | <p>The Company has agreed to pay the Underwriter the following fees in consideration for acting as Underwriter to the Offer:</p> <ul style="list-style-type: none"> <li>(g) an underwriting fee equal to 4% of the total gross amount raised under the Offer;</li> <li>(h) an issue management fee of 2% of the total gross amount raised under the Offer; and</li> <li>(i) a corporate advisory fee of \$30,000 plus GST for its services in managing the Offer.</li> </ul>  |
| <b>Underwriter Options</b>       | <p>The Company has also agreed to issue the Underwriter (or its nominees), 58,223,000 New Options, subject to the Shareholder approval (<b>Underwriter Options</b>).</p> <p>If Shareholders do not approve the issue of Underwriter Options, the Company must satisfy its obligations to issue the Underwriter Options by issuing that number of Underwriter Options permitted within the Company's capacity under ASX Listing Rule 7.1 and in respect to the balance, pay an appropriate alternative consideration agreed by the parties or failing that an amount in cash determined using the Black and Scholes option valuation method and a Share price of \$0.007.</p>  |
| <b>Reimbursement of Expenses</b> | <p>In addition, the Company agrees to reimburse the Underwriter for all costs, expenses and disbursements (including any applicable GST) reasonably incurred by the Underwriter in relation to the Offer and the Underwriting Agreement, including legal fees up to a maximum of \$10,000. The Underwriter is to obtain the written consent of the Company, which consent must not be unreasonably withheld, prior to incurring any individual cost, expense or disbursement (excluding legal fees) greater than \$2,000.</p>   |
| <b>Termination Events</b>        | <p>The Underwriter, without cost or liability to themselves and without prejudice, may by written notice to the Company, terminate its obligations under the Underwriting Agreement upon or at any time prior to completion of the Offer if:</p> <ul style="list-style-type: none"> <li>(a) (Indices fall): either of the All Ordinaries Index or the S&amp;P/ASX Small Ordinaries Index as published by ASX is at any time after the date of the Underwriting Agreement, at a level that is 7.5% or more below its respective level as at the close of business on the business day prior to the date of the Underwriting Agreement; or</li> <li>(b) (Share Price): the Shares of the Company that trade on the ASX under the ASX code of "CXU" close lower than the \$0.007 for three consecutive days; or</li> <li>(c) (No Official Quotation): Official Quotation has not been applied for in respect of all the Shares by the shortfall notice deadline date or, having been applied for, is subsequently withdrawn, withheld or qualified; or</li> <li>(d) (Supplementary Prospectus): <ul style="list-style-type: none"> <li>(i) the Underwriter, having elected not to exercise its right to terminate its obligations under the Underwriting Agreement as a result of an occurrence of a Termination Event (described below), forms the view on reasonable grounds that a supplementary or replacement prospectus should be lodged with ASIC and the Company fails to lodge a supplementary or replacement prospectus in such form and content and within such time as the Underwriter may reasonably require; or</li> <li>(ii) the Company lodges a supplementary or replacement prospectus without the prior written agreement of the Underwriter; or</li> </ul> </li> <li>(e) (Non-compliance with disclosure requirements): it transpires</li> </ul> |

that the Prospectus does not contain all the information required by the Corporations Act; or

- (f) (Misleading Prospectus): it transpires that there is a statement in the Prospectus that is misleading or deceptive in a material respect or likely to mislead or deceive in a material respect, or that there is a material omission from the Prospectus or if any statement in the Prospectus becomes misleading or deceptive in a material respect or likely to mislead or deceive in a material respect or if the issue of the Prospectus is or becomes misleading or deceptive in a material respect or likely to mislead or deceive in a material respect;
- (g) (Restriction on allotment): the Company is prevented from allotting the Securities within the time required by the Underwriting Agreement, the Corporations Act, the ASX Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority;
- (h) (Withdrawal of consent to Prospectus): any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent;
- (i) (ASIC application): an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Prospectus, the shortfall notice deadline date has arrived, and that application has not been dismissed or withdrawn;
- (j) (Takeovers Panel): the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel;
- (k) (Hostilities): there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of the Underwriting Agreement involving one or more of Australia, New Zealand, Japan, Russia, the United Kingdom, the United States of America, France, North Korea, the People's Republic of China, Israel or any member of the European Union;
- (l) (Authorisation) any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter (acting reasonably);
- (m) (Indictable offence): a director or senior manager of the Company or a subsidiary of the Company (a **Relevant Company**) is charged with an indictable offence;
- (n) \*(Default): default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking which is not remedied by the Company within 5 business days of notification by the Underwriter;
- (o) \*(Incorrect or untrue representation): any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect in a material respect;
- (p) \*(Contravention of constitution or Act): a contravention by a Relevant Company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
- (q) \*(Adverse change): an event occurs which gives rise to a material adverse effect after the date of the Underwriting

Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;

- (r) \*(Error in Due Diligence Results): it transpires that any of the due diligence results or any part of the verification material was false, misleading or deceptive in a material respect or that there was a material omission from them;
- (s) \*(Significant change): a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;
- (t) \*(Public statements): without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer, the Issue or the Prospectus except where such statement is required by law or the Listing Rules;
- (u) \*(Misleading information): any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the issue of the Securities or the affairs of any Relevant Company is or becomes misleading or deceptive or likely to mislead or deceive;
- (v) \*(Official Quotation qualified): the Official Quotation is qualified or conditional other than as set out in the definition of "Official Quotation";
- (w) \*(Change in Act or policy): there is introduced or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy which if enacted would have a material adverse effect;
- (x) \*(Prescribed Occurrence): a prescribed occurrence as defined in the Underwriting Agreement occurs;
- (y) \*(Suspension of debt payments): the Company suspends payment of its debts generally;
- (z) \*(Event of Insolvency): an event of insolvency as defined in the Underwriting Agreement occurs in respect of a Relevant Company;
- (aa) \*(Judgment against a Relevant Company): a judgment in an amount exceeding \$50,000 is obtained against a Relevant Company and is not set aside or satisfied within 7 days;
- (bb) \*(Litigation): material litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced against any Relevant Company, other than any claims disclosed to the Underwriter in writing prior to the date of the Underwriting Agreement or foreshadowed in the Prospectus;
- (cc) \*(Board and senior management composition): there is a change in the composition of the Board or a change in the senior management of the Company before completion of the Offer without the prior written consent of the Underwriter (acting reasonably);
- (dd) \*(Change in shareholdings): there is a material change in the major or controlling shareholdings of a Relevant Company or a takeover offer or scheme of arrangement pursuant to

|                  |   |
|------------------|---|
|                  | <p>Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company;</p> <p>(ee) *(Timetable): there is a delay in any specified date in the Timetable which is greater than 3 business days, without the written consent of the Underwriter (such consent not to be unreasonably withheld or delayed);</p> <p>(ff) *(Force Majeure): a Force Majeure affecting the Company's business or any obligation under the Agreement lasting in excess of 7 days occurs;</p> <p>(gg) *(Certain resolutions passed): a Relevant Company passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;</p> <p>(hh) *(Capital Structure): any Relevant Company alters its capital structure in any manner not contemplated by the Prospectus or the Placement documentation except in respect of the exercise of options on issue at the date of the Underwriting Agreement or the issue of convertible securities under the Company's employee incentive plan;</p> <p>(ii) *(Investigation): any person is appointed under any legislation in respect of companies to investigate the affairs of a Relevant Company; or</p> <p>(jj) *(Market Conditions): a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets.</p> <p>No event specified in any paragraph above marked with an asterisk (*) will entitle the Underwriter to exercise its rights to terminate its obligations under the Underwriting Agreement unless, in the reasonable opinion of the Underwriter the event has or is likely to have, or two events together have or are likely to have:</p> <p>(a) a material adverse effect on the outcome of the Offer or on the subsequent market for the Shares the subject of the Offer (including, without limitation, matters likely to have a material adverse effect on a decision of Shareholder to invest under the Offer); or</p> <p>(b) a material adverse effect on the assets, condition, trading or financial position, performance, profits and losses, results, prospects, business or operations of the Company and its subsidiaries either individually or taken as a whole,<br/>(a) and (b) above being a <b>Material Adverse Effect</b>); or</p> <p>(c) could give rise to a liability of Canaccord under the Corporations Act or otherwise</p> |
| <b>Indemnity</b> | <p>The Company will indemnify and keep indemnified the Underwriter and its officers, employees, agents and advisers joint and severally and hold them harmless from and against all prosecutions, losses, penalties, actions, suits, claims, expenses, costs liabilities, charges, outgoings, payments, demands and proceedings (whether civil or criminal) (suffered, incurred, paid or liable to be paid directly or indirectly arising out of or in respect of:</p> <p>(a) the Offer;</p> <p>(b) the Placement;</p> <p>(c) non-compliance by the Company with or breach of any legal requirement or the ASX Listing Rules in relation to the Prospectus or any documents in respect of the Offer which</p>   |

|     |  |
|-----|--|
|     | accompany the Prospectus;  |
| (d) | any statement, misstatement, misrepresentation, non-disclosure, inaccuracy in or omission from the Prospectus, or any documents in respect of the Offer which accompany the Prospectus;                |
| (e) | any advertising, publicity, announcements, statements and reports in relation to the Offer made with the agreement of the Company; or  |
| (f) | any breach or failure by the Company to observe any of the terms of the Underwriting Agreement or any breach of the representations and warranties given by the Company in the Underwriting Agreement. |

The Underwriting Agreement otherwise contains provisions considered standard for an agreement of its nature (including representations and warranties and confidentiality provisions).

## 6.5 Sub-Underwriting Agreements

The Underwriter has entered into a number of sub-underwriting agreements in respect of the Shortfall Securities, including a sub-underwriting agreement with Ian Mulholland, pursuant to which Mr Mulholland has agreed to sub-underwrite the Offer (**Sub-Underwriting Agreement**) on the following material terms:

- (a) Mr Mulholland agrees to sub-underwrite \$50,000 worth (7,142,857 Shares) (**Sub-Underwriting Commitment**); and
- (b) the Sub-Underwriting Agreement shall terminate if the Underwriters' obligations under the Underwriting Agreement cease or are terminated.

The Sub-Underwriting Agreement is otherwise made on terms and conditions considered standard for an agreement of this nature.

## 6.6 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
  - (i) the formation or promotion of the Company; or

- (ii) the Offer.

### **Security holdings**

The relevant interest of each of the Directors in the Securities as at the date of this Prospectus, together with their respective Entitlement, is set in Section 1.5.

### **Remuneration**

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$750,000 per annum.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive Directors as disclosed in the Company's 2022 Annual Report.

| Director                    | FY ended 30 June 2022 | FY ending 30 June 2023 |
|-----------------------------|-----------------------|------------------------|
| Ian Mulholland <sup>1</sup> | \$7,500               | \$88,333               |
| Qiu Derong                  | \$45,667              | \$44,607               |
| Judy Li                     | \$45,667              | \$44,607               |
| Chenchong Zhou              | \$45,667              | \$44,607               |
| Michael Fry <sup>2</sup>    | -                     | \$87,584               |

**Notes:**

1. Appointed 31 May 2022.
2. Appointed 7 September 2022.

## **6.7 Interests of experts and advisers**

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
  - (b) promoter of the Company; or
-

- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offer; or
- (f) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offer.

Canaccord Genuity (Australia) Limited has acted as the lead manager and underwriter of the Offer. The Company estimates it will pay Canaccord \$62,102 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Canaccord has not received any fees from the Company for any other services.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$15,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$50,112.45 (excluding GST and disbursements) for legal services provided to the Company.

## **6.8 Consents**

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the securities), the Directors, the persons named in the Prospectus with their consent as Proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;
  - (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this
-



Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section; and

- (c) has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Canaccord Genuity (Australia) Limited has given its written consent to being named as the lead manager and underwriter to the Offer in this Prospectus. Canaccord Genuity (Australia) Limited (including its related entities) is not a Shareholder of the Company and currently has no relevant interest in any of the Company's securities.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus.

BDO Audit (WA) Pty Ltd has given its written consent to the inclusion of the 30 June 2022 audited balance sheet of the Company in Section 3.4. BDO Audit (WA) Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

## 6.9 Expenses of the offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$153,919 (excluding GST) and are expected to be applied towards the items set out in the table below:

|                           | \$                   |
|---------------------------|----------------------|
| ASIC fees                 | 3,206                |
| ASX fees                  | 7,192                |
| Underwriting fee          | 127,815 <sup>1</sup> |
| Legal fees                | 15,000               |
| Printing and distribution | 400                  |
| Miscellaneous             | 306                  |
| <b>Total</b>              | <b>153,919</b>       |

### Notes:

1. Comprising a \$30,000 corporate advisory fee, an underwriting fee of 4% (being \$64,204) and 2% management fee (equating to \$32,102) on funds raised under the Offer payable to the Underwriter.

## **6.10 Directors' Authorisation**

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



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**Ian Mulholland**  
**Chairman**  
**Cauldron Energy Limited**

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## 7. GLOSSARY

**\$** means the lawful currency of the Commonwealth of Australia.

**Application Form** means an Entitlement and Acceptance Form or Shortfall Application Form as the context requires.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

**ASX Listing Rules** means the listing rules of the ASX.

**ASX Settlement Operating Rules** means the settlement rules of the securities clearing house which operates CHESS.

**Board** means the board of Directors unless the context indicates otherwise.

**Broker Offer** means the offer of one (1) New Option for every four (4) Shares issued under the Offer to the Lead Manager (or its nominee/s) pursuant to the Underwriting Agreement.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

**Closing Date** means the date specified in the timetable set out at Section 1 (unless extended).

**Company** or **Cauldron** means Cauldron Energy Limited (ACN 102 912 783).

**Constitution** means the constitution of the Company as at the date of this Prospectus.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**CRN** means Customer Reference Number in relation to BPAY®.

**Directors** means the directors of the Company as at the date of this Prospectus.

**Eligible Shareholder** means a Shareholder as at the Record Date who is eligible to participate in the Offer.

**Entitlement** means the entitlement of a Shareholder who is eligible to participate in the Offer.

**Entitlement and Acceptance Form** means the entitlement and acceptance form either attached to or accompanying this Prospectus.

**Exercise Price** means the exercise price of the New Options being \$0.015.

**Ineligible Shareholder** means a Shareholder as at the Record Date whose registered address is not situated in Australia, New Zealand or Hong Kong.

**Lead Manager** or **Underwriter** means Canaccord Genuity (Australia) Limited (AFSL 234 666).

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**New Option** means an Option issued on the terms set out in Section 4.2.

**Offer** means the non-renounceable entitlement issue the subject of this Prospectus.

**Official Quotation** means official quotation on ASX.

**Option** means an option to acquire a Share.

**Optionholder** means a holder of an Option.

**Placement** has the meaning given in Section 1.3.

**Placement Shares** has the meaning given in Section 1.3.

**Prospectus** means this prospectus.

**Record Date** means the date specified in the timetable set out at Section 1.

**Section** means a section of this Prospectus.

**Securities** means Shares and/or Options as the context requires.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

**Shortfall** means the Securities not applied for under the Offer (if any).

**Shortfall Application Form** means the Shortfall Offer application form either attached to or accompanying this Prospectus.

**Shortfall Offer** means the offer of the Shortfall Securities on the terms and conditions set out in Section 2.7.

**Shortfall Securities** means those Securities not applied for under the Offer (if any) and offered pursuant to the Shortfall Offer.

**Underwritten Amount** means the full amount to be raised under the Offer, being approximately \$1,630,244.

**WST** means Western Standard Time as observed in Perth, Western Australia.

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